

**POWER SALE AGREEMENT**  
**FOR**  
**SALE OF SOLAR POWER ON LONG TERM BASIS**

**Between**  
**Solar Energy Corporation of India Limited**  
**And**  
\_\_\_\_\_ **[Enter name of the Buying Entity/Utility]**

This Power Sale Agreement is made on the ..... day of ..... of 2021 at .....,

Between

Solar Energy Corporation of India Limited, a company incorporated under the Companies Act 1956, having its registered office at 6<sup>th</sup> Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi-110023 (hereinafter referred to as “**SECI**”, which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assignees) as a Party of the first part.

And

.....[Enter name of the Buying Entity/ Utility], a company incorporated under the Companies Act 2013, having its registered office at ..... (hereinafter referred to as “**Buying Entity/ Buying Utility**” which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns) as a Party of the second part.

SECI and Buying Entity are individually referred to as ‘Party’ and collectively referred to as ‘Parties’

**WHEREAS:**

- A. The Government of India has announced the Policy for promotion of the Solar Power in the country and has provided a target to achieve an aggregate installed capacity of 100 GW by the year 2022.
- B. The Ministry of Power, Government of India has issued the Guidelines for Tariff Based Competitive Bidding Process for procurement of power from Grid connected Solar PV Power Projects vide Resolution dated 3<sup>rd</sup> August, 2017, including subsequent amendments and clarifications thereof, if any, issued until \_\_\_\_\_ [Enter the last date of bid submission of the RfS].
- C. SECI has been designated as a Nodal Agency for developing and facilitating the establishment of the Grid connected Solar Power capacity in India in terms of the above Policy of the Government of India;
- D. SECI had initiated a Tariff Based Competitive Bid Process for procurement of 2000 MW of the power generated from the Grid connected Solar PV Power Project on the terms and conditions contained in the Request for Selection (herein after referred to as ‘RfS’) issued by SECI vide RfS No \_\_\_\_\_ Dated \_\_\_\_\_ and subsequent amendment, if any;
- E. SECI has signed/will sign Power Purchase Agreements (PPAs) with the Solar Power Developers (SPD) selected under the RfS mentioned herein below (hereinafter referred to as “SPDs”) for procurement of \_\_\_\_\_ MW Solar Power or the total capacity of projects selected under the provisions of Request for Selection No. \_\_\_\_\_ dated \_\_\_\_\_ and subsequent amendment, if any) based on the above Guidelines, if it is less than \_\_\_\_\_ MW, on a long-term basis, as indicated at Schedule-B of PSA;
- F. Buying Utility has agreed to purchase Solar power from the SECI under the above RfS and accordingly, SECI has agreed to sign Power Purchase Agreements (PPAs) with Solar Power developers (hereinafter referred to as “SPDs”) for procurement of \_\_\_\_\_MW Solar Power on a long-term basis, as indicated at Schedule-B of PSA. Copy of the PPA(s) shall be submitted to Buying Utility within thirty (30) days of the signing of the PPA(s) and such PPA(s) shall become integral part of this Agreement (SECI-Buying Utility PSA).

G. Pursuant to the aforesaid objective, the Parties are desirous of entering into a Power Sale Agreement (“PSA”) i.e. a definitive agreement, regarding purchase of Power from the Project. Pending execution of the necessary agreements and other relevant documents in relation to the transaction contemplated herein, the Parties wish to execute this PSA setting out the respective obligations of the Parties and the steps necessary to complete the transactions contemplated herein.

The Parties have accordingly agreed to enter into this PSA to record their understanding and agreement with regard to the purchase of power to be generated from the Project and in respect to the matters incidental or ancillary thereto, upon the terms and conditions set out herein below.

**NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND MUTUAL AGREEMENTS, COVENANTS AND CONDITIONS SET FORTH HEREIN, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:**

- I This Agreement shall come into effect from signing of this Agreement by both the parties and such date shall be the Effective Date for the purpose of this Agreement.
- II Notwithstanding the Effective Date, the condition precedent for the enforcement of the obligations of either Party against the other under this Agreement shall be that, within 120 days after the Effective Date of the PPA, SECI and/or the Buying Entity shall obtain adoption of tariff from its State Electricity Regulatory Commission and/or CERC (as applicable), on the terms and conditions contained in this Agreement read with the terms and conditions contained in the Power Purchase Agreement entered into between SECI and the SPD. The Parties agree that in the event the order of adoption of tariff as mentioned above is not issued by the SERC and/or CERC (as applicable) within the time specified above, this shall entail a corresponding extension in Scheduled Financial Closure and the Scheduled Commissioning Date of the Projects for equal number of days for which the CERC/SERC order has been delayed beyond the above deadline.
- III The duration of this Agreement shall be coextensive and coterminous with the duration of the Power Purchase Agreement to be entered into between the SECI and the SPD for all intent and purposes.

- IV. Subject to the terms and conditions contained herein, SECI hereby agrees to sell and make available the electricity procured by SECI from the \_\_\_\_\_MW Solar PV Power Project to be set up by the SPD at various places in \_\_\_\_\_ [Enter the location of the Projects] on the terms and conditions contained in the PPA to be entered into between SECI and the SPD, as per the initialed PPA (Schedule "A") on a back to back basis, to Buying Entity.
- V. Buying Entity hereby acknowledges and accepts that SECI is an Intermediary to facilitate the promotion of Solar Power Projects and to purchase and re-sell the electricity to the distribution licensees to enable them to fulfill the Renewable Purchase Obligation and, therefore, the sale of electricity by SECI to Buying Entity under this Agreement shall be entirely on a back to back basis to the purchase of electricity by SECI from the SPDs under the SECI-SPD PPA, with the intent that there shall be no residual liability on the SECI towards the SPD which will not be fulfilled by the Buying Entity.
- VI. In accordance with the above and except as otherwise specifically provided in this agreement, the rights and obligations of Buying Entity under this agreement shall be available and enforceable entirely and effectively on a back to back basis to the rights and obligations of the SECI in the SECI-SPD PPA and in the event SECI is not in a position to enforce its rights against the SPD or is subject to any obligation to be performed towards SPD, Buying Entity shall be liable to perform such obligation or shall be entitled to such rights only on a mutatis mutandis basis, without any additional or independent exposure whatsoever to SECI.
- VII. Except as otherwise specifically provided in this agreement, Buying Entity acknowledges and accepts that the terms and conditions of the SECI- SPD PPA shall mutatis mutandis apply to this Agreement between the parties. Buying Entity agrees to correspondingly fulfill, on back to back basis, all the obligations assumed by SECI towards SPD. Buying Entity further agrees, acknowledges and accepts that as an Intermediary, SECI is not assuming any obligation to Buying Entity over and above the obligation which the SPD shall duly perform under the SECI – SPD PPA.
- VIII. SECI has agreed with the SPD in regard to the payment of money becoming due to SPD under the SECI – SPD PPA and SECI shall be liable to discharge the payment obligation in terms of the provisions of the SECI- SPD PPA. Accordingly, Buying Entity agrees to effectively securitize the payment of money becoming due from Buying Entity to SECI as detailed in this Agreement.

- IX. The parties agree that in respect of the obligations other than the payment obligation specifically mentioned herein above, in the event Buying Entity has any claim against SECI in regard to the performance of any obligation of SECI under this Agreement or enforcement of any right of Buying Entity against SECI under this Agreement, the same shall be subject to the ability of SECI to enforce the corresponding obligations assumed by SPD to SECI under the SECI-SPD PPA. SECI shall not be required to perform and implement the obligations of SECI or agree to the enforcement of the rights of Buying Entity under this Agreement till such time the corresponding obligations under SECI-SPD PPA is duly implemented by the SPD and in case of monetary obligations the amount is received by SECI from the SPD. In the event of any such claim arising at the instance of Buying Entity, the parties shall discuss on the course of action to be initiated by SECI against the SPD for enforcement of the corresponding obligation and all proceedings to be initiated by SECI against the SPD for such enforcement shall be pursued by SECI in consultation with Buying Entity.
- X. The parties hereby agree that the SPD shall be liable to pay compensation under the SECI-SPD PPA for shortfall in energy supply from the contracted energy on an annual basis. The amount of such compensation shall be as determined by the respective State Electricity Regulatory Commission of the corresponding Buying Entity/ any such Authority, and such compensation shall ensure that the Buying Entity is offset for all potential costs associated with low generation and supply of power under the PPA. However, the minimum compensation payable to SECI by the SPD shall be 25% (twenty-five percent) of the cost of this shortfall in energy terms, calculated at PPA tariff. This amount so collected from the SPD shall be passed on to the Buying Entity. In case the Buying Entity does not avail the remittance of such compensation within sixty (60) days of the end of corresponding Contract Year, the Buying Entity shall have a right to recover the same from the amount payable by Buying Entity against Monthly Invoices. The Parties agree that as an intermediary, SECI shall have no legal obligation to pay any amount towards this compensation, except when the amount of such compensation has been recovered from the SPD by SECI without any conditions and encumbrances and the amount is available for appropriation by SECI.
- XI. The parties agree that the various terms contained in the SECI-SPD PPA such as Scope of Project, Terms of the Agreement, Performance Guarantee, Conditions

Subsequent, Obligations of the respective Parties, Construction of the Power Generation Capacity, Synchronization, Commissioning and Commercial Operation, Operation and Maintenance, Purchase and Sale of Solar Power, Measuring and Metering and Dispatch of Power, Billing and Power Accounting, Liabilities, Force Majeure, Events of Default, Termination, Transfer, Change in Law, Indemnity, Insurance, Assignment and Changes, Financing and Bankability, Representations and Warranties, Governing Law, Notices and all other Miscellaneous Terms provided in the SECI- SPD PPA shall mutatis mutandis apply to this agreement between SECI and Buying Entity.

- XII. The Buying Entity shall be responsible to for directly coordinating and dealing with the SPD, Regional Load Dispatch Centers, Regional Power Committees, and other authorities in all respects in regard to declaration of availability, scheduling and despatch of Solar Power and due compliance with deviation and settlement mechanism and the applicable Grid code Regulations, acknowledging that the SPD and Buying Entity are the Grid connected entities and SECI as intermediary procurers/ trading licensee is not a Grid connected entity in respect of the Solar Power contracted under this Agreement;
- XIII. The Buying Entity undertakes to file petition before SERC seeking necessary approval for procurement of electricity and contracted capacity from SERC, under this PSA within one month from signing of PPA or PSA whichever is later.
- XIV. The Buying Entity shall coordinate with the respective STU and facilitate grant of necessary NOC for drawl of power, as required by the SPD.
- XV. The Buying Entity shall be responsible for obtaining Grid Access as per the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022, and for obtaining any Grid Access/NOC/clearance from the respective State Transmission Utility (STU)/SLDC, at its own risk and cost. The Buying Entity is required to file the GNA application and NOC application within 30 days of signing of PSA. It is clarified that in case the Detailed Procedure under the GNA regulations are not enforced until the Project commissioning, the SPD and the Buying Entity(ies) shall abide by the current Procedure under applicable CERC regulations. In such a scenario, the responsibility

of obtaining LTA will be that of the SPD. In the alternate scenario, no such requirement will be applicable on the SPD.

***Article 1. APPLICABLE TARIFF***

- 1.1** The Tariff applicable for the sale of Solar Power by SECI to the Buying Entity under this Agreement shall be the Tariff as applicable for payment by SECI to SPD under the terms of the Power Purchase Agreement between SECI and the SPD (Individual SPDs tariff as per schedule B) fixed for entire term of agreement at delivery point, or the Tariff as determined under the Electricity (Amendment) Rules, 2022 issued by Ministry of Power vide Gazette Resolution dated 29.12.2022, including applicable procedure/rules issued thereof, and in addition thereto a trading margin of Seven (7) paisa/kWh shall be payable by the Buying Entity to SECI which SECI shall be entitled to appropriate as its income.
- 1.2** As per provisions of the PPA, the SPDs are permitted for full as well as part commissioning of the Project even prior to the SCD. In case of early part commissioning of the Project(s) prior to SCD, Buying Entity may purchase the power @75% of the Applicable tariff as per the PPA, plus SECI's Trading Margin of Rs 0.07/kWh (Seven Paisa per kWh). However, in case of early full commissioning of the Project(s) prior to SCD, Buying Entity may purchase the power at the Applicable tariff as per the PPA, plus SECI's Trading Margin of Rs 0.07/kWh (Seven Paisa per kWh) and post SCD, Buying Entity shall purchase the power at the Applicable tariff as per the PPA, plus SECI's Trading Margin of Rs. 0.07/kWh. It may be further clarified that irrespective of part or full commissioning of the project, full tariff shall be applicable from the date of SCD.
- 1.3** While calculating the above value of 75% of the PPA tariff, the digits after 2 decimal places will be ignored. For eg., in case the value of 75% of the PPA tariff is calculated as 2.4567/kWh, the tariff applicable for purchase in case of early commissioning will be read as Rs. 2.45/kWh. Trading margin of Rs 0.07/kWh (Seven Paisa per kWh) shall be applicable over and above the tariff.

## ***Article 2. BILLING AND PAYMENT***

### **2.1 General**

The parties acknowledge and accept that the Electricity (Late Payment Surcharge and related matters) Rules, 2022 [hereinafter referred to as ‘**Rules**’] notified by the Central Government in exercise of the power conferred by Sub-section (1) of Section 176 of the Electricity Act, 2003 shall apply and govern the terms and conditions of this Agreement (PSA) in regard to matters contained in the said Rules including but not limited to the Late Payment Surcharge, adjustment towards the Late Payment Surcharge, Payment Security mechanism-its operations and consequences, actions of Defaulting Entities, supply obligation of SPD, power not requisitioned by the Buying Entity, the order of payment and adjustment towards late payment surcharge and indemnification. The above shall apply both in regard to the present agreement as well as on mutatis mutandi and back to back basis to the PPA. The Rules referred to herein above being statutory shall, to the extent applicable, supersede any provisions in this Agreement (PSA) and PPA which are inconsistent or contrary to the provisions of the Rules.

Subject to the above, from the commencement of supply of power by SECI, the Buying Entity shall pay to SECI the monthly Tariff Payments, on or before the Due Date, in accordance with Tariff as specified in Article 1. All Tariff Payments by the Buying Entity shall be in Indian Rupees.

SECI shall issue to the Buying Entity a signed Monthly Bill every month either through e-mail or any other means on any business day based on provisional solar energy of the preceding month (except for first month which shall be computed based on designed CUF and capacity of project). However, hard copy of the bill will also be sent by the SECI afterwards. The monthly bill shall also include the following:

- i) Adjustments bill against the Provisional Bills based on applicable energy account/JMR for the power supplied in the preceding months
- ii) Late Payment Surcharge if any
- iii) Taxes, duties Levies etc. as applicable



IV) Change in Law if any as applicable

V) Losses and Transmission Charges as applicable, in accordance with CERC notification & amendments.

## **2.2. Payment of Monthly Bills**

2.2.1 The Buying Entity shall pay the amount payable under the Monthly Bill on or before the Due Date i.e. within 30 days of presentation of bill within official hours, to such account of SECI, as shall have been previously notified to the Buying Entity in accordance with Article 2.2.2 below.

2.2.2. SECI shall open a bank account at New Delhi ("SECI's Designated Account") for all Tariff Payments to be made by the Buying Entity to SECI, and notify the Buying Entity of the details of such account at least ninety (90) Days before the dispatch of the first Monthly Bill. The Buying Entity shall also designate a bank account at \_\_\_\_\_. The Buying Entity shall inform SECI the details of such account ninety (90) Days before the dispatch of the first Monthly Bill. SECI and the Buying Entity shall instruct their respective bankers to make all payments under this Agreement to the Buying Entity's Designated Account or SECI's Designated Account, as the case may be, and shall notify either Party of such instructions on the same day.

## **2.3 Late Payment Surcharge**

In the event of payment of a Monthly Bill by the Buying Entity beyond the Due Date, a Late Payment Surcharge (LPS) shall be payable by the Buying Entity to SECI on the outstanding payment as per applicable LPS rule notified by MOP or any subsequent amendments, at the base rate of Late Payment Surcharge applicable for the period for the first month of default. "Base rate of Late Payment Surcharge" means the marginal cost of funds based lending rate for one year of the State Bank of India, as applicable on the 1st April of the financial year in which the period lies, plus five percent and in the absence of marginal cost of funds based lending rate, any other arrangement that substitutes it, which the Central Government may, by notification, in the Official Gazette, specify.

The Late Payment Surcharge shall be claimed by SECI through the Supplementary Bill. Late Payment Surcharge shall be payable on the outstanding payment beyond the

Due Date at the base rate of Late Payment Surcharge applicable for the period for the first month of default. The rate of Late Payment Surcharge for the successive months of default shall increase by 0.5 percent (50 bps) for every month of delay provided that the Late Payment Surcharge shall not be more than 3 percent higher than the base rate at any time:

(a)

(a) All payments by the Buying Entity to SECI for power procured from it shall be first adjusted towards Late Payment Surcharge and thereafter, towards monthly charges, starting from the longest overdue bill.

(b) If the period of default lies in two or more financial years, the base rate of Late Payment Surcharge shall be calculated separately for the periods falling in different years.

## **2.4 Rebate**

For payment of any Bill on or before Due Date, the following Rebate shall be paid by the SECI to Buying Entity in the following manner

- a) A Rebate of 1.5% shall be payable to the Buying Entity for the payments made within a period of five (5) days of presentation of bills through email.
- b) Any payments made beyond a period of 5 days up to and including the 20<sup>th</sup> Day from the date of presentation of bills through email, shall be allowed a rebate of 1%.
- c) Rebate shall be payable on the Bills raised on account of Change in Law relating to taxes, duties, cess etc.

## **2.5 Payment Security Mechanism**

### **(A) Letter of Credit (LC):**

- 2.5.1 The Buying Entity shall provide to SECI, in respect of payment of its Monthly Bills, a single, unconditional, revolving and irrevocable letter of credit ("Letter of Credit"), opened and maintained by the Buying Entity, which may be drawn upon by SECI in accordance with this Article. The Buying Entity shall provide SECI draft of the Letter

of Credit proposed to be provided to SECI two (2) months before the Scheduled Commissioning Date.

2.5.2 Not later than one (1) Month before the Start of Supply, the Buying Utility shall through a scheduled bank at\_\_\_\_\_, open a Letter of Credit in favour of SECI, to be made operative at least 15 days prior to the Due Date of its first Monthly Bill under this Agreement. The Letter of Credit shall have a term of twelve (12) Months and shall be reviewed after every 12 month for an amount equal to:

- i) for the first Contract Year, equal to 110% of the estimated average monthly billing;
- ii) for each subsequent Contract Year, equal to 110% of the average of the monthly Tariff Payments of the previous Contract Year.

2.5.3 SECI shall not draw upon such Letter of Credit prior to the Due Date of the relevant Monthly Bill, and shall not make more than one drawl in a Month provided that there are no outstanding dues.

2.5.4 Provided further that if at any time, such Letter of Credit amount falls short of the amount specified in Article 2.5.2 due to any reason whatsoever, the Buying Entity shall restore such shortfall within seven (7) days.

2.5.5 The Buying Entity shall cause the scheduled bank issuing the Letter of Credit to intimate SECI, in writing regarding establishing of such irrevocable Letter of Credit and any of the changes therein.

2.5.6 The Buying Entity shall ensure that the Letter of Credit shall be renewed not later than its expiry.

2.5.7 All costs relating to opening, maintenance of the Letter of Credit shall be borne by the Buying Entity.

2.5.8 If the Buying Entity fails to pay a Monthly Bill or part thereof within and including the Due Date, then, subject to Article 2.5.3 and 2.9, SECI may draw upon the Letter of Credit, and accordingly the bank shall pay without any reference or instructions from the Buying Entity, an amount equal to such Monthly Bill or part thereof, by

presenting to the scheduled bank issuing the Letter of Credit, the following documents:

- i) a copy of the Monthly Bill which has remained unpaid by the Buying Entity;
- ii) a certificate from SECI to the effect that the bill at item (i) above, or specified part thereof, is in accordance with the Agreement and has remained unpaid beyond the Due Date;

## **2.6 State Government Guarantee**

The Buying Utility shall extend the State Government Guarantee, in a legally enforceable form, such that there is adequate security, both in terms of payment of energy charges and termination compensation if any [for the purpose of this clause, the Tri-Partite Agreement (TPA) signed between Reserve Bank of India, Central Government and State Government shall qualify as State Government Guarantee covering the security for payment of energy charges]. SECI shall ensure that upon invoking this guarantee, it shall at once, pass on the same to the SPD(s), to the extent the payments to the SPD(s) in terms of the PPA are due. Provided that in cases where the Buying Entity is neither covered by the TPA nor is able to provide the State Government Guarantee, the Buying Entity shall pay to SECI an additional risk premium of Rs 0.10/kWh, which shall be credited to the payment security fund maintained by the SECI. It is hereby clarified that the State Government guarantee shall be invoked only after SECI has been unable to recover its dues under the PSA by means of the Letter of Credit and the Payment Security Fund, if any. It is hereby clarified that the State Government guarantee shall be invoked only after SECI has been unable to recover its dues under the PSA by means of the Letter of Credit and the Payment Security Fund, if any.

## **2.7 Payment Security Fund**

In addition to provisions contained in Article 2.6 above, the Buying Entity may provide Payment Security Fund, which shall be suitable to support payment of at least 3 (three) months' billing, of all the Projects tied up with such fund.

It is hereby clarified that the State Government guarantee shall be invoked only after the SECI has been unable to recover its dues under the PSA by means of the Letter of Credit and the Payment Security Fund.

## **2.8 Third Party Sales by SECI**

2.8.1 Notwithstanding anything to the contrary contained in this Agreement, SECI shall be entitled to but not obligated to regulate supply of Solar Power of the Buying Utility in case of Default in making payment by the 15<sup>th</sup> day after the Due Date of the Buying Utility. SECI shall issue the Notice for Regulation of Power Supply on the date above and shall give a notice of 15 days to start the regulation on the 16<sup>th</sup> day thereafter.

2.8.2 Regulation of power supply would be on pro rata basis i.e., in the ratio of amount due and unpaid to total amount due against the relevant Monthly Bill.

2.8.3 In order to avoid any doubts, it is illustrated that:

2.8.4 In the event of a bill amounting to Rs. 25 Crore is unpaid to the extent of Rs. 10 Crore, SECI would have a right to regulate and sell Buying Utility's allocation of the solar power to third parties to the extent of 40% (i.e.  $10/25 \times 100$ ). SECI/SPD shall have the right to divert the Solar Power or part thereof and sell it to any third party namely;

- i) Any consumer, subject to applicable Law; or
- ii) Any licensee under the Act;

SECI shall request the concerned SLDC/RLDC to divert such power to third party as it may consider appropriate.

Provided that such sale of power to third party shall not absolve Buying Entity from its obligation to pay in full to SECI for the obligation for the purchase of Solar Power as per Schedule-A & B of this Agreement and any other outstanding payment liability of Buying Entity as per this Agreement.

The rights of SECI under this clause is without prejudice to other rights provided under the Agreement.

2.8.5 The amount realized from the diversion and sale of power to third party over and above the Applicable Tariff, any charges including open access charges and other costs shall be adjusted first against the pending liability of the Buying Utility. Deficit if any shall be made good by the Buying Utility.

2.8.6 Sales to any third party shall cease and regular supply of electricity to the Buying Utility shall commence and be restored within thirty (30) days from the date of clearing all outstanding dues payable to SECI for the Solar Power under this Agreement.

2.8.7 Further, the liability of the Buying Utility to make the Tariff Payments to SECI as per Energy Accounts shall start from the day of such restoration of supply of power and shall continue for such periods wherein such power was made available by SPD for usage by the Buying Utility

## **2.9 Disputed Bill**

2.9.1 If the Buying Entity does not dispute a Monthly Bill raised by the other Party within fifteen (15) days of receiving such Bill shall be taken as conclusive and binding.

2.9.2 If Buying Entity disputes the amount payable under a Monthly Bill it shall pay undisputed amount of the invoice amount and it shall within fifteen (15) days of receiving such Bill, issue a notice (the "Bill Dispute Notice") to the invoicing Party setting out:

- i) the details of the disputed amount;
- ii) its estimate of what the correct amount should be; and
- iii) all written material in support of its claim.

2.9.3 If the SECI agrees to the claim raised in the Bill Dispute Notice issued pursuant to Article 2.9.2, the SECI shall make appropriate adjustment in the next Monthly Bill. In such a case excess amount shall be refunded along with interest at the same rate as Late Payment Surcharge, which shall be applied from the date on which such excess payment was made by the Buying Utility and up to and including the date on which such payment has been received as refund.

2.9.4 If the SECI does not agree to the claim raised in the Bill Dispute Notice issued pursuant to Article 2.9.2 it shall, within fifteen (15) days of receiving the Bill Dispute Notice, furnish a notice (Bill Disagreement Notice) to the disputing Party providing:

- i) reasons for its disagreement;
- ii) its estimate of what the correct amount should be; and
- iii) all written material in support of its counter-claim.

2.9.5 Upon receipt of the Bill Disagreement Notice by the Buying entity under Article 2.9.4, authorized representative(s) or a director of the board of directors/ member of board

of the Buying Entity and SECI shall meet and make best endeavors to amicably resolve such dispute within fifteen (15) days of receipt of the Bill Disagreement Notice.

2.9.6 If the Parties do not amicably resolve the Dispute within fifteen (15) days of receipt of Bill Disagreement Notice pursuant to Article 2.9.5, the matter shall be referred to Dispute resolution in accordance with governing Laws and Dispute resolution in PPA.

2.9.7 For the avoidance of doubt, it is clarified that despite a Dispute regarding an Invoice, the Buying entity shall, without prejudice to its right to Dispute, be under an obligation to make payment of 50% of the invoice amount in the Monthly Bill.

## **2.10 Quarterly and Annual Reconciliation**

2.10.1 The Parties acknowledge that all payments made against Monthly Bills shall be subject to quarterly reconciliation and adjustment, if any, within thirty (30) days of the end of the quarter of each Contract Year and annual reconciliation and adjustment, if any, at the end of each Contract Year within thirty (30) days thereof to take into account the Energy Accounts, Tariff adjustment payments, Tariff Rebate, Late Payment Surcharge, or any other reasonable circumstance provided under this Agreement.

2.10.2 The Parties, therefore, agree that as soon as all such data in respect of any quarter of a Contract Year or a full Contract Year as the case may be has been finally verified and adjusted, the Buying Utility and SECI shall jointly sign such reconciliation statement. After signing of a reconciliation statement, the SECI shall make appropriate adjustments in the following Monthly Bill, with Surcharge/Interest, as applicable. Late Payment Surcharge/ interest shall be payable in such a case from the date on which such payment had been made to the invoicing Party or the date on which any payment was originally due, as may be applicable. Any Dispute with regard to the above reconciliation shall be dealt with in accordance with the provisions of Article 16 of PPA.

## **2.11. Renewable Purchase Obligation**

2.11.1 The Buying Utility may identify the energy procured from the SPD Delivery Point to meet its renewable purchase obligations (as mandated by the Appropriate

Commission). Provided that the renewable purchase obligation of the Buying Utility shall be considered to be met by the Buying Utility only if there is no payment default for such energy procured by the Buying Utility and a certificate to such effect shall be provided by SECI to the Buying Utility.

2.11.2 SECI shall provide such certificate identifying the quantum of solar energy supplied by SECI and being met by the Buying Utility for each year within thirty (30) days after the end of such year.

2.11.3 (The provisions of Article 4.4.1 of the PPA shall be applicable mutatis mutandis to this Agreement). The SPD will declare the CUF of the Project and will be allowed to revise the same once within first year after COD of the full project capacity. SECI, in any Contract Year except for the Contract Year ending on 31st March immediately after COD of the Project, shall not be obliged to purchase any additional energy from the SPD beyond ..... Million kWh (MU) or as amended under the relevant PPA(s). Subsequent to commissioning of the Project, except for the Contract Year ending on 31st March immediately after COD of the Project, it is found that the SPD has not been able to supply minimum energy of .....Million kWh (MU) or as amended under the relevant PPA(s) till the end of 10 years from the SCD and ..... Million kWh (MU) or as amended under the relevant PPA(s) for the rest of the Term of the Agreement, on account of reasons solely attributable to the SPD, the noncompliance by SPD shall make the SPD liable to pay the compensation provided in the respective PPA/PSA as payable to Buying Entity(ies) by Buyer to enable Buyer to remit the amount to Buying Entity(ies).

The lower limit will, however be relaxable by Buyer to the extent of grid non-availability for evacuation which is beyond the control of the SPD (as certified by the SLDC/RLDC). This compensation shall be applied to the amount of shortfall in generation during the Contract Year. Such compensation shall ensure that the Buying Entity(ies) is/are offset for all potential costs associated with low generation and supply of power under the PPA. However, the minimum compensation payable to SECI by the SPD shall be 25% (twenty-five percent) of the cost of this shortfall in energy terms, calculated at PPA tariff, and shall be remitted to the Buying Entity. This compensation shall not be applicable in events of Force Majeure identified under PPA with SECI affecting supply of solar power by SPD.



2.11.4 Notwithstanding Article 2.11.3, the SECI/SPD is free to sell such power to any third party which is in excess of the quantum of power as per Article 2.11.3 of this Agreement from SCD, or date of commissioning of the full Project capacity, whichever is earlier. Any power which is in excess of the quantum of power agreed to be supplied under this Agreement shall be offered to the Buying Utility at 75% of the Applicable Tariff as per Article 1.1, and in case the Buying Utility does not accept the same, SECI shall take appropriate action as per PPA.

2.11.5 The compensation as per Article 2.11.3 shall be applied to the amount of shortfall in generation during the year. However, this compensation shall not be applicable in events of Force Majeure identified under this Agreement affecting supply of solar power by SECI/SPD.

## **2.12 Payment of Supplementary Bill**

2.12.1 SECI may raise a "Supplementary Bill" for payment on account of:

- i) Change in Law as provided in Article 12 of PPA if applicable under Article 2.1.2, or
- ii) Payment under Article 2.13 and other charges, if any.
- iii) Any subsequent revision in energy account by concerned RLDC/SLDC, as applicable.

And such Supplementary Bill shall be paid by the other Party.

2.12.2 Buying Entity shall remit all amounts due under a Supplementary Bill raised by the SECI to the SECI's Designated Account by the Due Date.

2.12.3 In the event of delay in payment of a Supplementary Bill by either Party beyond its Due Date, a Late Payment Surcharge shall be payable at the same terms applicable to the Monthly Bill in Article 2.3.

## **2.13 Offtake constraints due to Transmission Infrastructure /Grid Unavailability & Backdown**

2.13.1 Generation Compensation in offtake constraint due to Transmission Infrastructure not complete/ ready (Transmission constraint): After the Scheduled Commissioning Date, subject to the submission of documentary evidences from the Competent Authority, if the plant is ready in all respects including the dedicated transmission line to be established by the SPD to connect to the grid but the necessary power evacuation/ transmission infrastructure is not ready, for reasons not attributable to the SPD, leading to offtake constraint, the generation compensation from the buying utility shall be restricted to the following and there shall be no other claim, directly or indirectly against SECI:

<b>Transmission Constraint</b>	<b>Provision for Generation Compensation</b>
If the Project is ready but the necessary power evacuation/transmission infrastructure is not ready, leading to offtake constraint	<p>a. The normative CUF of 19% (nineteen per cent) or committed CUF, whichever is lower, for the period of grid unavailability, shall be taken for the purpose of calculation of generation loss. Corresponding to this generation loss, the excess generation by the SPD in the succeeding 3 (three) Contract Years, shall be procured by SECI at the PPA tariff so as to offset this loss.</p> <p>b. If the transmission delay is directly attributable to the organization building the transmission network and some penalty is imposed on him, then a part of that penalty may be utilized for compensating the generation loss.</p>

However, it is clarified that if the Project is ready for commissioning prior to the Scheduled Commissioning Date, but the offtake is constrained because of inadequate/incomplete power evacuation infrastructure, no compensation shall be permissible.

2.13.2 Generation Compensation in offtake constraints due to Grid Unavailability: During the operation of the plant, there can be some periods where the Project can generate power but due to temporary transmission unavailability, the power is not evacuated,

for reasons not attributable to the Solar Power Developer. In such cases, subject to the submission of documentary evidences from the competent authority, the generation compensation from buying utility shall be restricted to the following and there shall be no other claim, directly or indirectly against SECI:

<b>Duration of Grid unavailability</b>	<b>Provision for Generation Compensation</b>
Grid unavailability in a Contract Year: (only period from 8 am to 6 pm to be counted), for Grid unavailability beyond 50 hours in a Contract Year:	<p><b><i>Generation Loss = [(Average Generation per hour during the Contract Year) × (number of hours of grid unavailability during the Contract Year)]</i></b></p> <p>Where, Average Generation per hour during the Contract Year (kWh) = Total generation in the Contract Year (kWh) ÷ Total hours of generation in the Contract Year.</p>

The excess generation by the SPD equal to this generation loss shall be procured by the Buying Entity at the PSA tariff so as to offset this loss in the succeeding 3 (three) Contract Years.

**2.13.3 Offtake constraints due to Backdown:** The Solar Power Developer and Buying Entity shall follow the forecasting and scheduling process as per the regulations in this regard by the Appropriate Commission. The Government of India, as per Clause 5.2(u) of the Indian Electricity Grid Code (IEGC), encourages a status of “must-run” to solar power projects. Accordingly, no solar power plant, duly commissioned, should be directed to back down by a Discom/ Load Dispatch Centre (LDC). In the eventuality of backdown, including backdown on account of non-dispatch of power due to non-compliance with “Order No. 23/22/2019-R&R dated 28.06.2019 of Ministry of Power regarding Opening and maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements by Distribution Licensees” and any clarifications or amendment thereto, except for the cases where the Backdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions, subject to the

submission of documentary evidences from the competent authority, the SPD shall be eligible for a minimum generation compensation, from Buying Entity, restricted to the following and there shall be no other claim, directly or indirectly against SECI:

<b>Duration of Backdown</b>	<b>Provision for Generation Compensation</b>
Hours of Backdown during a monthly billing cycle.	<p><b><i>Generation Compensation = 100% of [(Average Generation per hour during the month) X (number of backdown hours during the month)] X PPA tariff</i></b></p> <p>Where, Average Generation per hour during the month (kWh) = Total generation in the month (kWh) ÷ Total hours of generation in the month</p>

The Generation Compensation as calculated above will be limited to the extent of shortfall in annual generation corresponding to the maximum CUF permitted as per Article 2.11.3 and the same will be settled on annual basis.

The SPD shall not be eligible for any compensation in case the Backdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions. The Generation Compensation shall be paid as part of the energy bill for the successive month after receipt of Energy Accounts (REA)/SEA/JMR. No Trading Margin shall be applicable on the Generation Compensation as provided in Article 2.13.3 only.

It is hereby clarified that for the purpose of Article 2.13 “generation” shall mean scheduled/actual energy as applicable based on Energy Accounts.

### ***Article 3: EVENTS OF DEFAULT AND TERMINATION***

#### ***3.1 Buying Entity Event of Default***

3.1.1 The occurrence and continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event, shall constitute a Buying Entity Event of Default:

- (i) Any amount subject to Article 2.9 remains outstanding beyond a period of ninety (90) days after the Due Date and SECI is unable to recover the amount outstanding from the Buying Entity through the Letter of Credit, Payment Security Fund and; or
- (ii) The Buying Entity fails to evacuate power from the Delivery Points for a continuous period of one year.
- (iii) if (a) the Buying Entity becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or (b) any winding up or bankruptcy or insolvency order is passed against the Buying Entity, or (c) the Buying Entity goes into liquidation or dissolution or has a receiver or any similar officer appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to Law,

Provided that a dissolution or liquidation of the Buying Entity will not be a Buying Entity Event of Default if such dissolution or liquidation is for the purpose of a merger, consolidation or reorganization and where the resulting company retains creditworthiness similar to the Buying Entity and expressly assumes all obligations of the Buying Entity under this Agreement and is in a position to perform them; or

- (iv) the Buying Entity repudiates this Agreement and does not rectify such breach within a period of thirty (30) days from a notice from SECI in this regard; or
- (v) except where due to any Buying Entity's failure to comply with its material obligations, the Buying Entity is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the

Buying Entity within thirty (30) days of receipt of first notice in this regard given by SECI.

- (vi) Occurrence of any other event which is specified in this Agreement to be a material breach/ default of the Buying Entity.

### **3.2 *Procedure for cases of Buying Entity Event of Default***

- 3.2.1 Upon the occurrence and continuation of any Buying Entity Event of Default under Article 3.1, SECI shall have the right to deliver to the Buying Entity a notice, stating its intention to terminate this Agreement (SECI Preliminary Default Notice), which shall specify in reasonable detail, the circumstances giving rise to the issue of such notice.
- 3.2.2 Following the issue of SECI Preliminary Default Notice, the Consultation Period of sixty (60) days or such longer period as the Parties may agree, shall apply and it shall be the responsibility of the Parties to discuss as to what steps shall have to be taken with a view to mitigate the consequences of the relevant Event of Default having regard to all the circumstances.
- 3.2.3 During the Consultation Period, the Parties shall, save as otherwise provided in this Agreement, continue to perform their respective obligations under this Agreement.
- 3.2.4 Within a period of seven (7) days following the expiry of the Consultation Period unless the Parties shall have otherwise agreed to the contrary or the Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, the SECI may terminate this Agreement by giving a written Termination Notice of thirty (30) days to the Buying Entity.
- 3.2.5 Subject to the occurrence and continuation of default by as contained under Article 3.1 and before expiry of time period of 30 days as per Clause 3.2.4,
- 3.2.6 Subject to the prior consent of the SECI, the Buying Entity shall novate its part of the PSA to any third party, including its Affiliates within the period of 210 days beyond the period as per 3.2.4,
- 3.2.7 In the event the aforesaid novation is not acceptable to SECI, or if no offer of novation is made by the defaulting Buying Entity, then SECI on expiry of 30 days as provided in article 3.2.4 may terminate the PSA and at its discretion require the defaulting

Buying Entity to either.

- (i) takeover the Project assets by making a payment of the termination compensation equivalent to the amount of the debt due and the 110% (one hundred and ten per cent) of the adjusted equity to SPD less Insurance Cover, if any as per PPA, or
- (ii) pay to the SPD, damages, amount equivalent to the last 6 (six) months average billing, or balance PPA period whichever is less, of charges for its contracted capacity, with the Project assets being retained by the SPD.

### **3.3 Termination due to Force Majeure**

If the Force Majeure Event continues even after a maximum period of 180 days from the date of the Force Majeure Notice, any of the Parties may choose to terminate the Agreement. In case neither party terminates the Agreement under this clause, the Agreement shall stand terminated on the expiry of twelve (12) months of the continuation of the Force Majeure event unless the parties mutually agree to extend the Agreement for the further period.

### **3.4. Termination of back to back agreements**

In case of termination of SECI-SPD PPA, this Agreement shall automatically terminate to the extent of relevant SECI-SPD PPA(s) Provided that in case of such termination as identified in this Article any pending monetary liabilities of either Party shall survive on the termination of this Agreement. In the event of termination of PPA/PSA, any damages or charges payable to the STU/CTU, for the connectivity of the plant, shall be borne by the entity due to whose failure, the termination was triggered.

## ***ARTICLE 4: MISCELLANEOUS PROVISIONS***

### **4.1 Amendment**

- 4.1.1 This Agreement may only be amended or supplemented by a written agreement between the Parties, with the approval of the Appropriate Commission, if necessary. Subject to the provisions of the RfS Document and keep this Agreement as principle Agreement, both Parties may execute further Agreement on similar terms and conditions.

### **4.2 Third Party Beneficiaries**

- 4.2.1 This Agreement is solely for the benefit of the Parties, SPD and their respective successors and permitted assigns and shall not be construed as creating any duty, standard of care or any liability to, any person not a party to this Agreement.

### **4.3 Waiver**

- 4.3.1 No waiver by either Party of any default or breach by the other Party in the performance of any of the provisions of this Agreement shall be effective unless in writing duly executed by an authorized representative of such Party:
- 4.3.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement nor time or other indulgence granted by one Party to the other Parties shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right under this Agreement, which shall remain in full force and effect.

### **4.4 Confidentiality**

- 4.4.1 The Parties undertake to hold in confidence this Agreement and not to disclose the terms and conditions of the transaction contemplated hereby to third parties, except:
- a) to their professional advisors;
  - b) to their officers, contractors, employees, agents or representatives, financiers, who need to have access to such information for the proper performance of their activities; or
  - c) disclosures required under Law without the prior written consent of the other Party.

### **4.5 Severability**

- 4.5.1 The invalidity or unenforceability, for any reason, of any part of this Agreement shall not prejudice or affect the validity or enforceability of the remainder of this



Agreement, unless the part held invalid or unenforceable is fundamental to this Agreement.

#### **4.6 Notices**

4.6.1 All notices or other communications which are required to be given under this Agreement shall be in writing and in the English language.

4.6.2 If to the Buying entity, all notices or other communications which are required must be delivered personally or by registered post or facsimile or any other method duly acknowledged to the addresses below:

Address :

Attention :

Email :

Fax. No. :

Telephone No.:

4.6.3 If to SECI, all notices or communications must be delivered personally or by registered post or facsimile or any other mode duly acknowledged to the address below:

Name:

Designation:

Address:

Solar Energy Corporation of  
India Limited, 6<sup>th</sup> Floor, Plate-B,  
NBCC Office Block Tower-2,  
East Kidwai Nagar,  
New Delhi-110023

Email:

Fax. No:

Telephone No

#### **4.7 Compliance with Law**

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

relevant provisions as amended from time to time.

- 4.8 The duly executed Power Purchase Agreement between SECI and SPD shall be attached to this Agreement and shall be read along with Agreement as a composite back to back process for Generation and supply of electricity to Buying Entity to fulfill the Renewable Purchase Obligations under the provisions of the Electricity Act, 2003 and the Regulations notified thereunder.

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

For and on behalf of  
[SECI ]

For and on behalf of  
[.....]

\_\_\_\_\_  
Signature with seal

1. Witness

2. Witness

## **SCHEDULE A**

1. PPA

## SCHEDULE B

Energy committed by the SPDs as per their covering letters and subsequent mails- _____ MW Solar PV Power Projects						
SPD	Project Capacity (MW)	Energy (MUs)				Rate(Rs/kWh)
		Declared	Min. (-15%) until 10 years from COD	Max. (+10%) from COD till 25 years of PPA	Min. (-20%) thereafter till 25 years of PPA	
	<b>Total (MUs)</b>					

## SCHEDULE C: Billing Methodology

### AMOUNT REALISATION FOR SALE OF SOLAR POWER

- (i) The billing to Buying Entity shall be done by SECI for realization of amount for solar Power.
- (ii) The payments to be made by Buying Entity to SECI for the Solar Power in a Monthly Invoice shall comprise of amounts to be realized for Solar Power.
- (iii) The Bills shall be raised by SECI to Buying Entity as mentioned under:

#### 1. Provisional Billing for Solar Power for the applicable month-

(a)Provisional Amount for solar power based on previous month invoice

$$A_p = (E_p \times T_p)$$

Where,

$A_p$  = Provisional Billing amount (in Rs.) for Solar Power for the applicable Month;

$E_p$  = No. of units (kWh) as per the SEA/JMR

$T_p$  = tariff (in Rs./kWh) of the respective Project as per Schedule B + Trading Margin of SECI @ Rs 0.07/kWh i.e Rupees Seven Paisa/kWh)

(b) Final billing will be computed through Credit/Debit note as applicable based on actual generation of plants for applicable month