

తెలంగాణ తేలంగానా TELANGANA

S.No. 3570 Date: 13-09-2019.Rs.100/-  
Sold to : C. Mallikarjuna Rao  
S/o : C. Satyanarayana  
For Whom : TSGENCO R/o. Hyderabad

W 641537  
Kollipally Manipal Reddy  
Licensed Stamped Vendor  
L.No.16-07-10/ 2018  
Add:5-9-19/7, Green Gates,  
Opp: Secretariat, Hyd.  
Cell No:9396650009

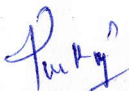
**POWER PURCHASE AGREEMENT  
BETWEEN  
TELANGANA STATE POWER GENERATION CORPORATION LIMITED  
AND  
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED  
NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED  
FOR SALE OF POWER FROM THERMAL & HYDEL STATIONS  
COMMISSIONED BETWEEN 1956 AND 1998**

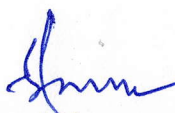
**Dated 17<sup>th</sup> day of September 2019**


THIS POWER PURCHASE AGREEMENT, hereinafter called "Agreement", entered into on this 17<sup>th</sup> the day of September Two thousand and Nineteen.

Between

1. Southern Power Distribution Company of TELANGANA Limited, (Erstwhile APCPDCL constituted under the sub-section (6) of section 23 of Andhra Pradesh Electricity Reform Act, 1998) constituted as per the provisions of AP Re-Organisation Act, 2014 having its registered office at Corporate Office , 6-1-50, Mint compound, Khairathabad, Hyderabad 500063 (hereinafter referred to as

  
Chief Engineer  
Coal & Commercial  
TSGENCO, V.S., Hyderabad-82,

  
Chief General Manager/IPC & RAC  
TSSPDCL, Corporate Office,  
Mint Compound, Hyderabad-500 063.

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T. Madhusudan,  
Chief General Manager,  
IPC & RAC, TSNPDCL,  
Warangal





“TSSPDCL”) and Northern Power Distribution Company of TELANGANA Limited, (Erstwhile APNPDCL constituted under the sub-section (6) of section 23 of Andhra Pradesh Electricity Reform Act, 1998) constituted as per the provisions of AP Re-Organisation Act, 2014, having its registered office at H.No.2-5-31/2, Corporate Office Vidyut Bhavan, Nakkalagutta, Hanmakonda, Warangal – 506001 (TSNPDCL”); (hereinafter each of TSSPDCL, TSNPDCL are, as the context may require, individually referred to as “TSDISCOM” and collectively referred to as the “TSDISCOMs” which expression shall, unless it be repugnant to the context or meaning thereof include its successors and assigns), as parties of the first part, and

2. TELANGANA STATE POWER GENERATION CORPORATION LIMITED, constituted under Companies Act, 2013 on 19th May 2014 and as per the provisions of AP Re-Organisation Act, 2014, and commenced its operations from 02.06.2014 having its registered office at Vidyuth Soudha, Hyderabad – 500082 (hereinafter called “TSGENCO”) which expression shall, unless repugnant to the context or meaning thereof include its successors and assigns, as party of the second part and will be submitted to TSERC for consent.
3. Whereas TSGENCO with effect from 2<sup>nd</sup> JUNE, 2014, owns and operates the Thermal and Hydel Power stations mentioned in Annexure-I in compliance with the AP Re-Organisation ACT, 2014, which were commissioned and started by Andhra Pradesh State Electricity Board between 1956 and 1998 and which stand transferred to and vested in Erstwhile APGENCO in terms of Sections 23 and 24 of the Andhra Pradesh Electricity Reform Act, 1998 and the Andhra Pradesh Electricity Reform (Transfer Scheme) Rules, 1999 and subsequent additions thereon. The Sale and Purchase of the Available Capacity and Electric Energy generated from Thermal and Hydel Power Stations of **TSGENCO** as mentioned in the **Annexure-I**.
4. AND Whereas TSDISCOMS are desirous of purchasing all the declared Capacity and Energy Generated from Thermal & Hydel Stations which were commissioned between 1956 and 1998 as mentioned in the **Annexure-I** and TSGENCO is willing to sell the same to TSDISCOMS on mutually agreed terms and conditions.
5. The terms and conditions of the Power Purchase Agreement are as per prevailing TSERC Regulations and any changes in TSERC regulations that may occur in future shall be applicable for all operating norms and any other parameters.

## Article 1: INTERPRETATION AND DEFINITIONS

- 1.1 ACT:** means the Electricity Act, 2003.
- 1.2 Authority:** means the Central Electricity Authority referred to in section 70 of the Act.
- 1.3 Auxiliary Energy Consumption (AUX):** Auxiliary Energy Consumption (AUX ) in relation to a period, in case of a Generating Station or Unit, means the quantum of energy consumed by auxiliary equipment of the Generating Station, such as the equipment being used for the purpose of operating plant and machinery, including switchyard of the Generating Station and the transformer losses within the Generating Station, and shall be expressed as a percentage of the sum of gross energy generated at the generator terminals of all the Units of the Generating Station:

Provided that the Auxiliary Energy Consumption shall not include the energy consumed for supply of power to housing colony and other facilities at the Generating Station and the power consumed for construction works at the Generating Station.

- 1.4 Availability:** Availability in relation to a Thermal Generating Station/Unit for any period means the average of the daily average declared capacities as certified by the State Load Despatch Centre (SLDC) for all the Days during that period, expressed as a percentage of the Installed Capacity of the Generating Station/Unit minus the normative Auxiliary Consumption in Megawatts (MW), as specified in these Regulations, and shall be computed in accordance with the following formula.

In relation to a Thermal Generating Station/Unit

N

Availability =  $100 \times \frac{\sum DC_i}{\{N \times IC \times (1 - \text{AUX}_n)\}}$  %

i=1



Where,

- N = number of Time Blocks in the given period  
DCi = Average Declared Capacity in MW for the ith Time Block in such period  
IC = Installed Capacity of the Generating Station/Unit in MW  
AUXn = Normative Auxiliary Consumption in MW, expressed as a percentage of gross generation in MW

- 1.5 Billing Date:** The Billing Date shall be 5 (five) days after the Meter Reading Date in each Calendar month.
- 1.6 Billing Month:** The Billing Month means Metering Date of calendar month to the Metering Date of the next calendar month. The first Billing Month will however be from 00:00 hours on April 1, 2019 to midday (12:00 hours) of April 30, 2019 and the subsequent Billing Month will be from midday (12:00 hours) of April 30, 2019 to midday (12:00 hours) of May 31, 2019 and so on and so forth. However, the last Billing Month of the Financial Year ends at 24:00 Hrs on 31<sup>st</sup> March, 2019 and so on.
- 1.7 Business Day:** It shall be construed as a reference to a day (other than Sunday) on which banks are generally open for business in Hyderabad.
- 1.8 Capacity charges:** It is in relation to Hydro power Generating station, the capacity charges means Annual fixed charges minus primary energy charges.
- 1.9 Capacity Index:** Capacity Index in relation to a Hydro power generating stations means the average of the daily capacity indices over one year excluding those days on which Maximum Available capacity is Zero due to non-availability of water.

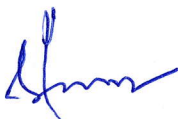
$$\text{Capacity Index} = \frac{\text{Sum of Capacity indices for all the days of the year}}{\text{Number of days in the year when the maximum available capacity is Non Zero}}$$

- 1.10 Daily Capacity Index:** It means the Declared capacity expressed as a percentage of the maximum available capacity for the day and shall be mathematically expressed as hereunder:

$$\text{Daily Capacity Index} = \frac{\text{Declared capacity (MW)} * 100}{\text{Maximum available capacity (MW)}}$$

Subjected to the availability of water for the purpose of generation

- 1.11 Date of Effectiveness of Agreement:** Date of Effectiveness of Agreement shall be April 1, 2019.
- 1.12 Debt:** means the amount of any loans, debentures or other similar obligations, contracted or raised and received by TSGENCO for the Project, but only to the extent that the proceeds of such capital contribution are exclusively utilized on the capital cost of the Project.
- 1.13 Declared Capacity (or "DC"):** Declared Capacity in relation to a Generating Station means, the capability to deliver ex-bus electricity in MW declared by such Generating Station in relation to any Time-Block of the Day as defined in the Grid Code or whole of the Day, duly taking into account the availability of fuel or water, and subject to further qualification in the relevant Regulation.
- 1.14 Depreciation:** means the sum of the amounts of depreciation on buildings, equipment and other capital facilities of the Project on the date hereof, and in respect of any asset, shall be allowed up to 90% of the approved capital cost and shall cease so soon as its net book value equals the residual value i.e., 10% of its approved capital cost.
- 1.15 Designated Officer:** The Designated Officer in TSDISCOMS shall be of the rank of a Financial Advisor and Chief Controller of Accounts (FA & CCA) or any other officer designated by TSDISCOMS for matters relating to Billing and Payment.
- 1.16 Dispatch Instructions:** Dispatch Instruction shall be as per the TSERC Regulations 4 of 2018 and any amendments made by TSERC there on.
- 1.17 Due Date of Payment:** In case of a regular Monthly Bill due date of payment shall be within 60 (Sixty) days from the Date of Billing and in case of a Supplementary Bill it shall be within 60 (Sixty) days from the date of presentation of the Supplementary Bill to the Designated Officer of TSDISCOMS.

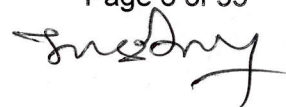




- 1.18 Emergency:** Emergency means a condition on or affecting TSGENCO's electrical system which is beyond the reasonable control of TSTRANSCO and which threatens the safe and reliable operation of the system or which is likely to result in the disruption of safe, adequate and continuous electric supply by TSTRANSCO or which endangers life or property, and which condition is aggravated by continued deliveries of energy from TSGENCO's electrical system.
- 1.19 Energy Certification Committee (ECC):** shall be the body of the Designated Officers constituted at the headquarters by both the parties to certify each Billing Month the Net Energy Sale by one party to the other based on the Monthly Meter Readings jointly recorded at the power house.
- 1.20 Equity:** Equity means Rs.2106.80Cr. which was entrusted to erstwhile APGENCO as per "Aggregate Value of Assets and Liabilities transferred and vested in Erstwhile APGENCO" as per GoAP Notification vide *GO.Ms No: 11, Energy (Power-III) Dept, 31st January 2000*.
- The bifurcation of Assets and liabilities between APGENCO and TSGENCO is yet to be finalised. TSGENCO shall adopt the equity after the de merger of combined APGENCO accounts.
- 1.21 GoI :** Government of India.
- 1.22 GoTS:** Government of TELANGANA STATE.
- 1.23 Grid Code:** Grid Code means the Telangana State Electricity Regulatory Commission (State Grid Code) Regulations and any amendments made by TSERC there on or subsequent re-enactment thereof.
- 1.24 Gross Calorific Value (GCV):** Gross Calorific Value in relation to a Thermal Generating Station means the heat produced in kilocalories (kcal) by complete combustion of one kilogram (kg) of solid fuel or one litre of liquid fuel or one standard cubic meter of gaseous fuel, as the case may be.





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- 1.25 Gross Station Heat Rate (or "GSHR"):** Gross Station Heat Rate (or GSHR) means the heat energy input in kcal required to generate one kilo Watt hour (kWh) of electrical energy at generator terminals of a Thermal Generating Station, as mentioned in Annexure-VI.
- 1.26 Hydel Power Station:** Hydel Power Station means a hydro generating station having an installation of one or more hydro generating units and covered under this Agreement as indicated in the Table 1 (b) of Annexure-I.
- 1.27 IEGC:** Indian Electricity Grid Code, as approved by CERC.
- 1.28 Income Tax:** Income Tax payable/ paid shall be limited to the extent of Return on Equity (RoE)/actuals whichever less is.
- 1.29 Installed Capacity:** means the summation of the name plate capacities of all the units of generating stations or the capacity of the generating station (reckoned at the generator terminals) as approved by the commission from time to time.
- 1.30 Interconnection point:** Interconnection point means the point of interconnection between electrical systems of generating company and TSTRANSCO/STU.
- Note: Interconnection point is at H.V side of Generator Transformer and HV side of station Transformer provided that there is common bus exist.
- 1.31 Interest on Working Capital:** The Interest on Working Capital shall be as per the TSERC norms.
- 1.32 Licensee:** Means a person who has been granted a licence under section 14 of the Act.
- 1.33 Maximum Continuous Rating:** It is in relation to unit of the thermal power generating station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer at rated parameters, and in relation to a unit or block of a combined cycle thermal power generating station means





the maximum continuous output at generator terminals, guaranteed by the manufacturer with steam injection and corrected to 50Hz grid frequency and specified site conditions.

**1.34 Metering Date:** Metering Date for the first calendar month will be 00:00 hours of April 1, 2019. Subsequent Metering Date will mean midday (12:00 hours) of the last day of each calendar month. However, the Metering Date of the Financial Year ends at 24:00 Hrs on 31<sup>st</sup> march 2020 and so on.

**1.35 Monthly Bill:** Monthly Bill will have the meaning ascribed to it under Article 4.3 for Hydel and Thermal Energy supplied under this Agreement.

**1.36 Net Electrical Energy:** It is the energy, supplied by any of TSGENCO Power Stations and measured in kWh, at the point of interconnection in accordance with the provisions of Article 4.

**1.37 Normative Generation:**

$$\text{Normative generation} = \frac{100 \times \text{ex-bus energy}}{(100 - \% \text{ normative auxiliary consumption})}$$

**1.38 Plant Load Factor (or PLF) for Thermal Power Plants:** Plant Load Factor (or PLF) in relation to a Thermal Generating Station for a given period, means the total sent-out energy corresponding to actual generation during such period, expressed as a percentage of sent-out energy corresponding to Installed Capacity in that period and shall be computed in Accordance with the following formula:-

In relation to a Thermal Generating Station /Unit

$$\text{PLF} = \frac{100 \times \sum_{i=1}^N \text{SG}_i}{\{N \times \text{IC} \times (1 - \text{AUX}_n)\}} \%$$

Where,

- N = number of Time Blocks in the given period;  
SG<sub>i</sub> = Scheduled Generation in MW for the i<sup>th</sup> Time Block of the period;  
IC = Installed Capacity of the Generating Station/Unit in MW;  
AUX<sub>n</sub> = Normative Auxiliary Consumption in MW, expressed as a percentage of gross **generation in MW**;

N

$\Sigma$  = Summation from  $i = 1$  to N;

$i=1$

- 1.39 Primary Energy:** Primary Energy in relation to a hydro power generating station means the quantum of energy generated up to the design energy on per year basis at the generating station;
- 1.40 Prudent Utility Practices:** Prudent Utility Practices means the practices, methods, techniques and standards that are generally accepted nationally and internationally from time to time and commonly used in the national and international electric utility industry for the operation and maintenance of equipment of the size and having the other characteristics of a Power Station in a safe, prudent and reliable manner consistent with the parameters for such operation and maintenance set forth in this Agreement, which practices, methods, techniques and standards shall be adjusted as necessary to take account of the requirements of Law, physical conditions at the site on which a Power Station is located and operation and maintenance guidelines of the manufacturers of plant and equipment incorporated in the Power Station which TSGENCO is required to follow in order to maintain in effect any warranties, guarantees or insurance policies relating thereto
- 1.41 Run-of-river Generating Station with pondage:** Run-of-river Generating Station with pondage means a hydro Generating Station with sufficient pondage for meeting the diurnal variation of power demand.
- 1.42 Run-of-river Generating Station:** Run-of-river Generating Station means a hydro Generating Station, which does not have upstream pondage.
- 1.43 Secondary Energy:** Secondary Energy in relation to a hydro power generating station means the quantum of energy generated in excess of the design energy on per year basis at the generating station;
- 1.44 Supplementary Bill:** Supplementary Bill will have the meaning ascribed to it in Article 4.4
- 1.45 Tariff Year:** Tariff Year shall be the financial year.





**1.46 Thermal Generating Station:** Thermal generating station means a Generating Station or a Unit thereof that Generates electricity using fossil fuels as its primary source of Energy. The Thermal generating stations/units covered under this agreement in table **1(a) of Annexure-I**.

**1.47 TSERC:** means the TELANGANA STATE ELECTRICITY REGULATORY COMMISSION.



**Article 2: SALE AND PURCHASE OF AVAILABLE ELECTRICAL  
CAPACITY AND ENERGY**

**2.1 Power Supplies by TSGENCO:**

From and after the date of the effectiveness of this Agreement, TSGENCO shall make available and deliver, and TSDISCOMS shall purchase for the consideration set forth in this Agreement, all the Declared Capacity and Net Electrical Energy generated by the Power Stations, (both Thermal & Hydel) subject to such Dispatch Instruction as may be in effect. If DISCOMs continue to purchase power even after the expiry of this agreement provided that this PPA is not renewed, in such cases the provisions of this PPA shall be applicable till this agreement is renewed, extended or replaced.

**2.2 Power Supplies by TSDISCOMS:**

TSDISCOMS shall provide electrical energy to any unit of TSGENCO for the purposes of start-up, maintenance, etc. TSDISCOMS shall submit an account of the energy consumed due to such supplies at the end of every Billing Month and TSGENCO shall raise a Monthly Bill after netting off TSDISCOMS energy against the energy supplied by the Power Station. When a Hydel Power Station is operating in the SCG mode / Pump mode, energy drawn from TS grid shall not be billed to TSGENCO.

**2.3 Dispatch Instructions**

**2.3.1** Dispatch Instruction shall be as per the TSERC Regulations 4 of 2018 and any amendments made by TSERC there on.

**2.3.2** TSGENCO shall follow the TSSLDC's directives, to back down, increase or resume generation, decrease generation at times on a day, provided that such directives are consistent with the technical limits of the facility, Prudent Utility Practices or in accordance with discharge functions of TSSLDC. Number of dispatch instructions per day shall not exceed two. The duration of back down and quantum of energy backed down each day shall be reconciled and certified by both TSGENCO (at station level) and TSSLDC on monthly basis.





**2.3.3** Nothing contained in this agreement shall be construed to require TSGENCO to operate the facility, at any time, including emergency, inconsistent with prudent utility practices and the technical limits in any manner.

**2.3.4 Backing down Limits of Unit:** The Technical Minimum limit of Generating Unit shall be in accordance with the relevant provisions of TSERC Regulations 4 of 2018 as amended from time to time will be applicable.

In the absence of any dispatch instructions from TSTRANSCO, the unit will operate according to the day ahead capacity notice furnished by TSGENCO.



### Article 3: GENERATION TARIFF

#### 3.1 Generation Tariff for TSGENCO Power Stations:

**Tariff:** The Tariff will be determined as two-part tariff for each tariff year. The tariff shall be the sum of the fixed charge and the variable charge. Incentive Payment if any, as calculated pursuant to provisions of this agreement is payable in addition

#### 3.2 Availability:

##### i) Thermal power generating stations:

The Target Annual Plant Availability factor for full recovery of annual fixed charges shall be as per TSERC Regulations as mentioned in **Annexure-VI**.

##### ii) Hydel power generating stations:

Normative capacity index for recovery of annual capacity charges

- i) Purely run-of-river power stations -90%.
- ii) run-of-river power stations with pondage - 85%.

#### 3.3 Annual Fixed Charges: TSGENCO shall claim the annual fixed charges as approved by TSERC for each tariff year and the annual fixed charges shall comprise of the following:

- a) Depreciation;
- b) Interest and finance charges on loan;
- c) Interest on Working Capital;
- d) Operation & Maintenance Expenses;
- e) Return on Equity;

##### Minus

- f) Non-Tariff Income:

Provided that Depreciation, Interest and finance charges on loan, interest on working capital and Return on Equity for Thermal and Hydro Generating Stations shall be allowed in accordance with TSERC Regulations.



**3.3.1 The Operation & Maintenance Charges:** The Operation & Maintenance charges are applicable as per the TSERC regulations.

**3.3.2. Debt-equity ratio:** For determination of Tariff, the debt-equity ratio shall be considered as 70:30 of the amount of capital cost provided that

- i. The equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of Tariff
- ii. Where equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as notional loan of the Generating Entity.

**3.4.1. Interest on Pension bonds:** Any liability actually incurred on account of interest on Pension bonds in excess of that specified in the Annexure-I of the Erstwhile APERC's PPA Order dt. 24.03.2003 (**Para-100**) shall be allowed as pass through in the tariff of TSGENCO on a year to year basis. Similarly any fall in the liability on this account will be adjusted in the Tariffs on a year to year basis.

**3.4.2. Pension and gratuity:** The liabilities of pension and gratuity shall be allowed as per the TSERC Regulations/ TSERC Tariff order.

**3.5 Recovery of Fixed Charges:**

**3.5.1. Thermal stations:**

- (a) The fixed charges shall be computed on the annual basis based on norms specified in the Regulations and shall be recovered on monthly basis under capacity (fixed) charge.
- (b) The fixed charge/capacity charge payable to a Thermal Generating Station for a calendar month shall be calculated in accordance with TSERC Regulations
- (c) Full Capacity Charges shall be recoverable at Normative Annual Plant Availability Factor (NAPAF) specified in the Regulations
- (d) Recovery of Capacity Charges below the level of Normative Annual Plant Availability Factor (NAPAF) will be on a pro-rata basis

**3.5.2. Hydel stations:**

- (a) One-twelfth of the full "Annual Fixed Charges", computed pursuant to this Article 3.3 shall be claimed through the "Monthly Bill", on every month of a financial year.
- (b) Full Capacity Charges shall be recoverable at Normative Capacity Index as per the clause in 3.2

- (c) Recovery of Capacity Charges below the level of Normative Capacity Index will be on a pro-rata basis.
- (d) The amount of any over payment relative to the actual Capacity Index shall be adjusted at the end of the tariff year through a supplementary bill.

**3.6 Renovation and Modernisation:** Renovation and Modernisation works of any unit/station shall be carried out accordance with the guidelines of TSERC Regulations. The R&M expenditure will be included in the Gross Fixed Assets of plant for the purpose of computation of fixed charges **subject** to approval by Hon'ble Commission.

**3.7 Variable Charge:** For any billing month, the variable charges consist of cost of coal & oil. Landed cost of coal and oil shall include transit and handling charges (transportation by rail/road or any other means), royalty on coal, taxes, and duties as applicable. Energy charges shall be arrived after considering transit & windage losses. Variable charges shall be paid based on the computation as per **Annexure-II**.

**3.8 Operating parameters:** The values of operating parameters like station heat rate, auxiliary power consumption, specific oil consumption and windage & transit losses etc., for the duration of the PPA shall be as per TSERC Regulations. The operating parameters of the thermal stations are as per TSERC Regulations 1 of 2019 as mentioned in the **Annexure-VI**.

**3.9 Fuel Cost Adjustment (FCA):**

The FCA shall be made at the end of each quarter. The weighted average cost of coal for computation of variable charges shall be as illustrated in **Annexure-IV**.

**3.10 Incentives:**

a. **Thermal Incentive:** The Normative Annual Plant Load Factor (NAPLF) for incentive shall be as per the norms of TSERC Regulations .The normative values of Annual Plant Load Factor are mentioned in the **Annexure-VI**.

b. Computation of Incentive:

i. **Till the implementation of DSM regulations:** Incentive shall be payable at a flat rate of 50 Paisa/KWH for every unit (Kwh) for the normative generation over and above the Normative Plant Load Factor.

$$\text{Normative generation} = \frac{100 \times \text{ex-bus energy}}{(100 - \% \text{ normative auxiliary consumption})}$$



- ii. **After implementation of DSM regulations:** Incentive shall be payable at a flat rate of 50 paise/kWh for ex-bus scheduled energy corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor(NAPLF).
- c. **Hydel incentive:** No hydel incentive is eligible as per TSERC Regulation '2019. However, hydel incentive shall be payable in future in case of any changes that may occur in TSERC Regulations.

### 3.11 Primary energy Charges:

The Rate of primary energy for all hydro electric power generating stations, except for pumped storage generating stations, shall be equal to average of the lowest variable charges of the Central and State thermal power generating stations of the State for all months of the previous year. The primary energy charge shall be computed based on the primary energy rate and scheduled primary energy of the station:

Provided that in case the primary energy charge recoverable by applying the above primary energy rate exceeds the Annual fixed charges of a generating station, the primary energy rate of such generating station shall be calculated by the following formula :

**Primary energy rate** = Annual fixed charge / Primary Energy

**Primary Energy Charge** = Scheduled Primary Energy x Primary Energy Rate.

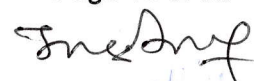
The design energy of all Hydel stations put together shall be considered as 2177 MU. **(As per Annexure-V).**

### 3.12 Capacity charges:

Capacity charges are payable in addition to the primary energy charges when ever Primary energy charges are less than the Annual fixed charges.

**Annual Capacity Charges = (Annual Fixed Charge - Primary Energy Charge)**

Provided that the Primary Energy Charge shall not exceed the Annual Fixed Charge and there shall be pro rata recovery of annual capacity charges in case the Generating Station achieves capacity index below the prescribed normative levels. At Zero capacity index, no capacity charges shall be payable to the Generating Station



### 3.13 Secondary Energy Charges:

Secondary energy rate shall be equal to primary energy rate.

**Secondary energy charges**=Schedule Secondary energy x secondary energy rate

### 3.14 Deemed Generation:

- a) Stoppage of generation due to problems in Power evacuation for Generating stations treated as **Deemed Generation** for the purpose of computation of availability for payment of fixed charges.
- b) In case of Non availability of fuel, TSDISCOMS & TSGENCO will decide and finalise in consultation with coal companies at that time.

**3.15 Admission of Energy bills:** The details shall be given by TSDISCOMS every month for the amounts deducted if any, for all energy bills sent by TSGENCO with specific Remarks.

### 3.16 Windage & Transit losses:

The maximum limit of Windage & Transit losses of coal shall be as per the TSERC regulations.

### 3.17 Payment mechanism

The bills shall be presented to the Designated Officer of TSDISCOMS for payments. Payments by TSDISCOMS for such bills raised by TSGENCO shall be made within 60days through Letter of Credit (LC) or through NEFT/RTGS. A revolving Letter of Credit (LC) to be opened in favour of TSGENCO to cover one-month receivables valid for the term of the PPA. All LC charges shall be to TSDISCOMS account. Escrow to cover one month receivables valid for the tenure of the PPA as per the procedure indicated in the **Annexure-VII**.

### 3.18 Surcharge Due on Late Payment:

In case the payment of bills of generation Tariff and charges by the TSDISCOMS is delayed beyond a period of 60 Days from the date of billing, a delayed payment charge at the rate of 1.25% per month on the billed amount shall be levied for the period of delay by TSGENCO.

Such delayed payment charge and interest on delayed payment earned by the Generating Entity shall not be considered under its Non-Tariff Income



**3.19 Rebate:**

For payment of bills of generation Tariff and charges within 7 Days of presentation of bills, through Letter of Credit or through NEFT/RTGS, a rebate of 2% on billed amount, excluding taxes, cess, duties etc., shall be allowed.

**3.20 Income Tax:**


Incidence of tax liability on TSGENCO as per Income Tax Act in force from time to time shall be payable in addition to the amount as per the Tariff Bill by TSDISCOMS duly certified by the Auditors of TSGENCO. However the tax payable on income exceeding the Return on Equity will not be charged to TSDISCOMS. If any advance income tax is payable by TSGENCO in any month, TSGENCO shall submit a bill to TSDISCOMS supported by a certificate of its chartered accountant at least 20 (twenty) days before the due date of such payment. TSDISCOMS shall pay to TSGENCO an amount equal to such advance tax within ten (10) days from the receipt of such Bill. After the tax assessment is completed for any year, if any, balance tax amount is payable by TSGENCO, TSDISCOMS shall pay such balance tax within 15 days of demand by TSGENCO. In case the tax authority refunds any amounts to TSGENCO including interest thereon. TSGENCO shall promptly make an appropriate refund to TSDISCOMS.

**3.21 Levies, Taxes, Duties, Cess:**

The determination of Tariff is exclusive of any statutory taxes, levies, duties, cess or any other kind of imposition (s) whatsoever imposed/charged by any Government (Central/State) and/ or any other local bodies/authorities on generation of electricity including auxiliary consumption or any other type of consumption including water, transmission, environment protection, sale or on supply of power/ energy and / or in respect of any of its installations associated with Generating Stations and / or on transmission system.

The total amount of such levies/taxes/ duties/ cess etc. payable by TSGENCO to the authorities concerned in any month on account of the said levies/taxes/duties/cess etc, as referred to above shall be borne and additionally paid by TSDISCOMS to TSGENCO.



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If any such levies/taxes/ duties/ cess etc., payable by TSGENCO in advance in any month, TSGENCO shall submit a bill to TSDISCOMs supported by a letter or notice issued by concerned authorities at least 20 (twenty) days before the due date of such payment. TSDISCOMs shall pay to TSGENCO an amount equal to such levies/taxes/ duties/ cess etc. within ten (10) days from the receipt of such Bill.

### **3.22 Change in law**

In the event of any new law, regulation or tax or in the event of any change, amendment, modification or repeal of any law, regulation or tax (including without limitation, any withholding taxes, cess, duties, environmental taxes, sales taxes, property taxes, import fees or assessments) of any Government Authority after the date of effectiveness of this agreement, detrimentally or beneficially affects TSGENCO, then TSGENCO shall send a notice in writing to TSDISCOMs regarding such an event and both parties shall meet and endeavour to agree to an amendment to this agreement to pass on the impact of such an event to TSDISCOMs, which shall be settled through supplementary invoice. If within 90(ninety) days after such notification, the parties are unable to reach agreement on such amendment, or in the event that an agreement to amend has been reached but no amendment has been executed within 30 (thirty) days after reaching of such agreement to amend, either party shall have the right to commence the dispute resolution procedures set forth in Article 8 to determine the appropriate amendment to this agreement.



## **Article 4: Metering & Billing**

### **4.1 Monthly Meter Readings**

Monthly meter readings shall be jointly taken (and a joint acknowledgement thereof signed) by the authorised representatives of both parties at an agreed time on each Metering Date. If the readings demonstrate a level of inaccuracy greater than the prescribed limits, then the Main Meter shall immediately be tested by TSDISCOMS and TSGENCO pursuant to this Article 4 and the provisions of this Article shall apply. If either Party fails to attend the joint meter reading at the agreed time, the readings of the Party which conducts such reading shall be conclusive for the purposes of this agreement. Provided that the results of such reading be provided to the other Party which shall be certified by an officer of the Party conducting the meter reading.

**4.2** Installation, Inspection and Sealing, Half Yearly Calibration, etc & testing conditions are as per **Annexure-III**.

### **4.3 Monthly Bill:**

On or before each Billing Date, TSGENCO shall submit to TSDISCOMS a Monthly Bill (a combined Thermal/ Hydel Tariff Bill) based on (a) meter reading (taken pursuant to Article 4.1) that has either been signed by both Parties or certified by TSGENCO with respect to TSDISCOMS refusal to sign within five days of the Metering Date and (b) the Tariff, which will set out the monthly Fixed Charges and the monthly Variable Charges with respect to the Power Stations covered under this Agreement. Each Monthly Bill for a Billing Month shall be payable by TSDISCOMS in accordance with this Agreement on or before the Due Date of Payment., which will be the date 60 days from the date of Billing to the Designated Officer of TSDISCOMS.

### **4.4 Supplementary Bills:**

Any amount due to TSGENCO by TSDISCOMS under this Agreement other than amounts set out in a monthly Tariff Bill shall be payable within sixty (60) days after presentation of Supplementary Bill(s) by TSGENCO to TSDISCOMS. This will include, but not be limited to the following;





- a) Claims for Income Tax
- b) Claims for increased costs, if any subject to approval of TSERC
- c) Statutory Duties, Taxes, Cess, Levies, fee, Royalty, etc.
- d) Monthly Tariff Adjustments
- e) Any claims of Central/State/Local authorities/Bodies, etc.
- g) Any other claim admissible under this Agreement

**4.5** Any Supplementary Bill which reflects an amount owed by TSGENCO to TSDISCOMS shall be reflected as a credit in the next Monthly Bill.



## **Article 5: 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 provisions unless otherwise expressly provided herein, shall be exercised and given by the signatories to this agreement or by the authorized representative(s) that each Party may nominate in this behalf and notify in writing to the other Party by Registered Post. Any other nomination of authorized representative (s) shall be informed likewise in writing to / by TSDISCOMs within one month of signing of the agreement. Notwithstanding any nomination, the Chairman & Managing Director / TSGENCO or his authorized representatives at its Registered Office shall be authorized to act for and on behalf of TSGENCO.


## **Article 6: Duration of the Agreement**

This Agreement shall be deemed to be in force with effect from 1.4.2019 and shall be in force for a period mentioned in Annexure I (a) and I (b). This agreement may be extended, renewed, amended or replaced by another agreement, on or before the expiry of this agreement, on such terms and for such further period of time as the parties may mutually agree subject to prior consent of Telangana State Electricity Regulatory Commission (TSERC).

## **Article 7: Force Majeure**

No 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, Non-availability of fuel (In case failure to supply fuel by fuel supplier) and any other reason beyond the control of concerned party. But 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/drawal 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.

The generator is entitled to claim only full fixed charges upon declaration of Plant availability and cannot claim any consequent losses during Force Majeure period.




## Article 8: Arbitration

All differences or disputes between the parties arising out of or in connection with this Agreement shall be endeavoured to be settled amicably through negotiation between the Chief Executives of the respective parties failing which shall be settled through arbitration as provided herein. In the event of any such differences or disputes between the parties, any party may by a written notice of 30 days to the other party request Telangana State Regulatory Commission (TSERC) to settle such disputes.

## Article 9: General

- 9.1 Agreement final and complete:** This agreement contains the full and complete understanding between the parties and supersedes all prior arrangements and understandings whether written or oral appertaining to the subject matter of this Agreement and may not be varied except by an instrument in writing signed by all the parties to this agreement. No representations or promises not expressly contained in this agreement have any effect of modifying this agreement.
- 9.2 Waiver:** If any provision of this agreement shall be adjudged by a court to be unlawful void or unenforceable such provision shall to the extent required be severed from this agreement and rendered ineffective as far as possible without modifying the remaining provisions of this agreement and shall not in any way affect any other circumstances or the validity or enforcement of this agreement. No failure or delay on the part of the parties to this agreement relating to the exercise of any right power privilege or remedy provided under this agreement shall operate as a waiver of such right, power, privilege or remedy or as a waiver of any preceding or succeeding breach by the other party to this agreement nor shall any single or partial exercise of any right power privilege or remedy preclude any other or further exercise of such or any other right power privilege or remedy provided in this agreement all of which are several and cumulative and are not exclusive of each other or of any other rights or remedies otherwise available to a party at law or in equity.





**9.3** Circumstances not covered in this agreement: The parties acknowledge and accept that it has not been possible to envisage all the circumstances that may arise in the course of the dealings between the parties and therefore it has not been possible to provide for all such eventualities. In the course of the implementation of the agreement the parties may be faced with matters which have not been expressly dealt with in this agreement.

The parties shall discuss and find an appropriate solution to such matters amicably and parties shall act on best endeavour basis keeping in view the interest of both the parties. If the parties are unable to arrive at a settlement, the matter shall be referred to arbitration in accordance with Article 8 and the decision of the arbitrator(s) shall be final and binding on the parties.

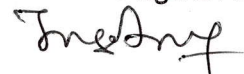
#### **Article 10: Notice**

All notices required or referred under this agreement shall be in writing and signed by the respective authorized signatories of the Parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given to the other party if delivered or served by registered post/speed post or by any other mode with an acknowledgement in terms of Article 5.

#### **Article 11: Assignment**

**11.1** TSGENCO acknowledges and accepts that TSDISCOMs shall (with the consent of TSGENCO) be entitled to assign all its rights, duties, obligations and responsibilities under this agreement to any other successor entities, either wholly or partly and to one or more of them and in such manner as may be agreed to between TSDISCOMs and the said successor entities with the approval of TSERC and after due service of written notice of the proposed assignment to TSGENCO. Upon such assignment taking place, the corresponding rights, obligations and interests of TSDISCOMs shall in connection with this agreement or incidental thereto devolve on the successor entities.



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Provided that TSDISCOMs shall continue to be responsible for all obligations outstanding prior to the date of assignment, until these are fully discharged by the successor entities

Provided that at a subsequent date, the successor entities refuses to accept any rights/obligations/liabilities as not devolving on them, these will automatically revert to TSDISCOMs, who shall discharge their obligations in respect of such rights, obligations and liabilities without any demur.

**11.2** For the purpose of obtaining financing for the project, TSGENCO may assign or create security over its rights and interests under or pursuant to this agreement to any one or all the lenders of this Project.



In witness whereof the parties have signed this Agreement on the day, month and year first written above.

For and on behalf of

For and on behalf of

TELANGANA STATE POWER  
GENERATION CORPORATION  
LIMITED

TSDISCOMs

  
Chief Engineer/Coal & Commercial

  
CGM (IPC & RAC)

TSGENCO Chief Engineer  
Coal & Commercial  
TSGENCO, V.S., Hyderabad-82,


TSSPDCL  
Chief General Manager/IPC & RAC  
TSSPDCL, Corporate Office,  
Mint Compound, Hyderabad-500 063.

  
CGM (IPC & RAC)  
T. Madhusudhan.,  
TSNPDCL Chief General Manager,  
IPC & RAC, TSNPDCL,  
Warangal


In the presence of

In the presence of

1.

  
SE/coal & cuf


1.

  
GM/IPC & RAC/TSNPDCL


2.

  
SE/cuf

2.

  
SE/IPC/TSRCC

3.

  
SE/RAC/TSspdcl





**Table 1(b)****TSGENCO HYDEL POWER STATIONS**

S. No	Hydel Power Station	Generating Units	Installed Capacity ( MW)	COD	
1	Nizamsagar				
		I	5	1-Jun-56	31.03.2029
		II	5	1-Jun-56	31.03.2029
2	Nagarjuna Sagar (Main Power House)				
		I	110	7-Mar-78	31.03.2029
		II	100.8	8-Apr-80	31.03.2029
		III	100.8	11-Jan-81	31.03.2029
		IV	100.8	22-Jun-82	31.03.2029
		V	100.8	31-Mar-83	31.03.2029
		VI	100.8	26-Oct-84	31.03.2029
		VII	100.8	31-Mar-85	31.03.2029
		VIII	100.8	24-Dec-85	31.03.2029
4	Pochampad				
		I	9	31-Mar-87	31.03.2029
		II	9	24-Oct-87	31.03.2029
		III	9	31-Mar-88	31.03.2029
5	Nagarjuna Sagar Left Canal				
		I	30	27-Sep-92	31.03.2029
		II	30	27-Sep-92	31.03.2029
6	Singur				
		I	7.5	6-Dec-99	31.03.2029
		II	7.5	31-Mar-2000	31.03.2029
7	Mini Hydel		11.16		31.03.2029
8	Srisaillam left Bank				
		I	150	26-Jan-01	31.03.2029
		II	150	12-Nov-01	31.03.2029
		III	150	19-Apr-02	31.03.2029
		IV	150	29-Nov-02	31.03.2029
		V	150	28-Mar-03	31.03.2029
		VI	150	04-Sept-03	31.03.2029
	Total		1838.76		

Note: The commencement of PPA w.e.f 01.04.2019

## ANNEXURE - II

### COMPUTATION OF VARIABLE CHARGES

Total Energy charge payable to the Generating Entity for a month shall be = (Energy charge rate in Rs. /kWh) X {Scheduled energy (ex-bus) for the month in kWh.}

Note: *Net Electrical Energy (Ex-bus) for the month in kWh will be considered in the place of Scheduled energy (ex-bus) till the implementation of DSM Regulations.*

#### **For coal based stations**

ECR =  $\{(GSHR - SFC \times CVSF) \times LPPF / CVPF + SFC \times LPSFi + LC \times LPL\} \times 100 / (100 - AUX)$

Where,

AUX = Normative Auxiliary Energy Consumption in percentage  
CVPF = Weighted Average Gross calorific Value of coal as received, in kCal per kg for coal based stations  
CVSF = Calorific value of secondary fuel, in kCal per ml.  
ECR = Energy charge rate, in Rupees per kWh sent out.  
GSHR = Gross Station Heat Rate, in kCal per kWh.  
LC = Normative limestone consumption in kg per kWh.  
LPL = Weighted average landed price of limestone in Rupees per kg.  
LPPF = Weighted average landed price of primary fuel, in Rupees per kg, per litre or per standard cubic meter, as applicable, during the month. (In case of blending of fuel from different sources, the weighted average landed price of primary fuel shall be arrived in proportion to blending ratio)  
SFC = Normative Specific fuel oil consumption, in ml per kWh.  
LPSFi = Weighted Average Landed Price of Secondary Fuel in Rs./ml during the month

The monthly Variable Charge to be shown in the Monthly Thermal energy Bill will be the aggregate of the Variable Charge calculated for each of the Thermal Power Stations, i.e.,

Monthly Variable Charge in Thermal Tariff Bill =  $ECR_1 * E_1 + ECR_2 * E_2 + ECR_3 * E_3$

Where:

**ECR<sub>1</sub>** = Energy charge rate in Rs. /kWh calculated pursuant to this article for RTS-B  
**ECR<sub>2</sub>** = Energy charge rate in Rs. /kWh calculated pursuant to this article for KTPS ABC  
**ECR<sub>3</sub>** = Energy charge rate in Rs. /kWh calculated pursuant to this article for KTPS V  
**E<sub>1</sub>** = Net Electrical Energy in kWh delivered at the Interconnecting point for RTS-B  
**E<sub>2</sub>** = Net Electrical Energy in kWh delivered at the Interconnecting point for KTPS ABC  
**E<sub>3</sub>** = Net Electrical Energy in kWh delivered at the Interconnecting point for KTPS V





## ANNEXURE-III

### Energy Meters & Calibration



- 1.1 Installation of Energy meters:** One set of 0.2S class MRI static **ABT Compatible** energy meters shall be installed at each point of interconnection. Each set will consist of a main meter and check meter. The main meter and standby meter will be installed and maintained by TSGENCO and the check meter by TSDISCOMs. Cost of the main meter and charge for all types of testing and calibration will be borne by TSGENCO and those of check meters by TSDISCOMs. The meters should have provision to record parameters even if there is a potential transformer fuse failure. TSGENCO shall also ensure installation of adequate telemeter and communications equipment to transmit information on an on-line basis to TSSLDC. These meters shall be jointly calibrated, inspected and sealed by and on behalf of TSGENCO and TSDISCOMs and shall not be interfered with except in the presence of the other party on mutual consent of parties when necessity arises.
- 1.2 Inspection and Sealing:** All the meters shall be jointly inspected and sealed with a seal owned by each party and shall not be opened, calibrated or tested except in the presence of the representatives of both parties; provided that, if one party gives the other party not less than two weeks prior notice (or where, due to the requirements of this agreement or any other event or circumstances, it is necessary for such opening calibration or testing to be carried out within any shorter period, such prior notice as shall be reasonable in the circumstances) that any such meter is to be opened, calibrated or tested, and such other Party does not attend such opening, calibration or testing, then the first Party may proceed with such opening, calibration or testing without the presence of such other party.
- 1.3 Errors in Main Meters:** Whenever the monthly meter reading indicates errors in the main meters beyond the permissible limit but no such error is noticed in the check meters, billing for the month will be done on the basis of the check meters and main meters will be immediately repaired and recalibrated.
- 1.4 Errors in both the Main Meters and Check Meters:** If the monthly meter reading of both the main meters and the corresponding check meters are found to be beyond permissible limits of error i.e. in case of failure of both main meter and check meter, billing for the month shall be done based on the readings of the standby meter.





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- 1.5 Defects:** If both the main meter and the check meter fail to record or if any of the potential transformer fuses are blow out, then the energy will be computed on a mutually agreeable basis for that period of defect.
- 1.6 Correction of Meter Error:** For the purpose of corrections to be applied, the meter shall be tested as per the applicable standards. The error at the load and power factor nearest the average monthly load served at the point during the period shall be taken as the error to be applied for correction. For the purpose of test & calibration the sub-standard (SS) meter calibrated & sealed by Government Authorised meter testing house/ laboratory shall be utilised.
- 1.7 Correction of Meter:** All the periodical checks and calibration shall be conducted in the presence of authorised representatives of TSGENCO and TSDISCOMs and results/corrections implemented shall be applicable and binding on both parties. The meters shall be jointly sealed after each calibration or when the seal is broken on mutual consent of the parties.
- 1.8 Testing after Notice:** If at any time any party feels that the meter is not recording correctly it shall give notice to the other party. TSGENCO shall undertake testing and calibration (if necessary) in co-ordination with TSDISCOMs. If error on such testing is found to exceed the error limits specified in the relevant standards for the class of the meter, the meter shall be notified and calibrated. Necessary adjustments in the bills shall be made from the time of previous meter reading till the time of the calibration if the defective meter reading has been used for billing for the concerned period. The testing after notice from TSDISCOMs in respect of meters owned by TSGENCO would be done by TSGENCO and if on such testing errors are found to be within limits, TSGENCO shall be compensated by the payment of actual cost of such test by TSPCC and vice-versa.
- 1.9 Other Meters:** Points of metering if any, other than the interconnected points, where meters are to be installed for mutual benefit shall be decided in the meeting between both parties. The type of meters, accuracy class etc., shall also be decided in the meeting.
- 1.10 Records:** TSGENCO and TSDISCOMs shall each compile and maintain records respective meter readings recorded by each party for the energy generated by TSGENCO and delivered to TSDISCOMs. Such records will be made available for inspection by the other party during business hours upon reasonable advance notice.
- 1.11 General:** Regarding the metering, the guide lines issued by CEA from time to time shall be applicable and final.





**Annexure - IV**

**Computation of Delivered Cost of Coal – Thermal Plants**

- 1. Weight of Coal:** The weight of coal received for the Thermal Power Station for the purpose of calculating weighted average delivered cost of coal will be the weight of coal supplied by the supplier reduced by the quantity lost in transit, windage & shrinkage etc. This loss shall be 0.8%.
- 2. Cost of Coal:** Total cost of coal delivered at each Thermal Power Station shall constitute the price paid to the coal supplier, all incidental duties and taxes paid to the State or Central Government and the cost of actual transportation including coal related cost.
- 3. Weighted Average Cost of Coal:** The weighted average cost of coal for computation of variable charges shall be arrived based on landed cost of coal during the month and cost of coal available in ground stock as illustrated below:

Example:

Opening Stock at the project	=	100 Metric Tonne
Cost of coal (Ground stock)	=	Rs. 920 per Metric Tonne
Coal supplied during the month	=	100 Metric Tonne
Landed cost of coal supplied (including coal related cost)	=	Rs. 93780
Quantity lost during transportation, windage & shrinkage	=	0.8% Metric Tonne (@ Normative loss of 0.8 %)
Quantity received during the month	=	100MT (-) 0.8MT
	=	99.2 Metric Tonne
Weighted average cost of coal	=	

(Cost of coal received during the month + cost of coal at ground stock)

(Quantity of coal received during the month + Quantity of ground stock coal)

$$= (93780 + 100 \times 920) / (99.2 + 100)$$

$$= 932.63 \text{ Rs/ Metric Tonne.}$$

*For 1/12*

*[Signature]*

*[Signature]*



**ANNEXURE -V**

**Design energy Details of all Existing Hydel stations**

<b>S.No</b>	<b>Name of the station</b>	<b>Installed capacity in MW</b>	<b>Design energy in M.U</b>
1	Srisailam left Bank Power House	900	1000
2	Nagarjuna Sagar Power House	815.6	992
3	Nagarjuna Sagar Left Canal Power House.	60.0	60
4	Pochampad Power House	27.0	80
5	Nizam Sagar Power House	10.0	20
6	Singur Power House	15.0	20
7	Min Hydel Stations.	11.16	5
TOTAL:		1838.76	2177

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### ANNEXURE - VI

The Operating parameters of following Stations as per TSERC Regulations'2019

Station Name	SHR K.cal/Kwh	AUX Consumption %	S.O.C ml/Kwh	Normative Annual Plant Availability Factor(NAPAF) %	Normative Annual Plant Load Factor(NAPLF) %
KTPS(O&M)	3000	10	2	70	70
KTPS-stage-V	2500	9	2	80	80
RTS-B	3000	10	2	75	75

Note: Any changes /modifications in TSERC regulations that may occur in future shall be applicable for all operating norms or any other parameters.

*9/10/19*

*[Signature]*

*[Signature]*

**Annexure-VII**

To provide additional security to the TSGENCO for the TSDISCOM's obligation hereunder, TSDISCOMS shall also open an escrow account with any of the Scheduled Banks which account shall be maintained by such bank as an agent for the TSGENCO, and which shall be pledged as security to the TSGENCO and its Lenders for payment of all sums due to the TSGENCO by TSDISCOMS under this Agreement as further set forth herein. Such account shall be opened on or before the date thirty (30) days prior to the effective date. Such account shall be funded with revenues from payments due to TSDISCOMS from consumers of TSDISCOMS. TSDISCOMS shall cause all payments due to TSDISCOMS from such consumers to be deposited in such Escrow account aggregating an amount equal to not less than 1.1 times of the L.C amount. Such instruction shall be irrevocable during the term of this agreement. TSDISCOMS shall not act in any manner as may negatively affect the inflow of the revenues into this account and shall take such steps as may be necessary to assure the flow of the specified level of revenues in such account (including adding or substituting consumers and undertaking collection efforts) during the term of this agreement. Provided that TSDISCOMS, in compliance with its obligations under this agreement with respect to payment of all sums when due to the TSGENCO, through the Letter of Credit or otherwise TSDISCOMS shall be entitled to withdraw funds from the Escrow account each month to be used for such purposes as the TSDISCOMS may designate. In the event of TSDISCOMS failure to pay any sums due to the TSGENCO on the due date of payment through the Letter of Credit or otherwise, when any sum is due to the TSGENCO, or in case of non-renewal of the Letter of Credit, the TSGENCO, by notice in writing to the bank holding the Escrow Account, may require such bank not to honour any of cheques, hundies and requisition presented to it by or on behalf of TSDISCOM or any other drawals on the account until after the claim of the TSGENCO is first discharged.

