

CROSS BORDER TRANSMISSION SETTLEMENT AGREEMENT

Between

NTPC VIDYUT VYAPAR NIGAM LIMITED

And

.....

This Transmission Settlement Agreement made on thisday of, 2020 atby and between:

NTPC Vidyut Vyapar Nigam Limited (NVVN), a limited company incorporated under the Companies Act 1956 having its registered office at NTPC Bhawan, Core-7, Scope Complex, 7 Institutional Area, Lodhi Road, New Delhi-110003 (hereinafter referred to as “**NVVN**” which expression shall unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assigns) of the First part

AND

.....having its head Office at (herein referred to as which “Cross Border Entity / Nodal Agency of Cross Border Entity in Bangladesh / Nepal / Bhutan / Mynamar ” which expression shall unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assigns) of the Second part.

WHEREAS

- i) NVVN has been established with an objective, inter-alia, to undertake the business of purchase of all forms of electrical power from Independent Power Producers (IPPs), Captive Power Plants (CPP’s), State generating companies, Merchant Power Plants (MPP’s) and other Generating Companies, State Electricity Boards / Electricity Departments etc., for resale to State Electricity Board’s/Electricity Departments, Power

Distribution Companies, Industries, Other Organizations and Bulk power consumers etc., in India and Abroad.

- ii) NVVN has been granted a Category- I license for inter-state trading of electricity, highest category of license for inter-state trading in electricity issued by Central Electricity Regulatory Commission (hereinafter referred to as the 'Central Commission').
- iii) NVVN has also been designated as a Settlement **Nodal Agency** for Cross Border Trading of Power between India and Nepal, Bhutan and Bangladesh. .
- iv) BPDB / NEA / Bhutan / Myanmar in Bangladesh / Nepal / Bhutan / Myanmar have entered into a Power Purchase Agreement/ Power Sale Agreement with various entities of India for MW of power. A copy of the said Power Purchase Agreement/ Power Sale Agreement hereto is attached as Schedule B to this Agreement.

- v) The Ministry of Power, Government of India has issued the "Guidelines on Import / export (Cross Border) of Electricity" in 18.12.2018 setting out the terms and conditions for sale or purchase of electricity to other countries from or to India and Clause 8.8 of the Guidelines provides for a Settlement Nodal Agency which will be responsible for settlement of grid operation related charges.
- vi) The Central Commission has issued Central Electricity Regulatory Commission (Cross Border Trade of Electricity) Regulations, 2019 on 8th March, 2019 in terms of the Guidelines issued by the Ministry of Power dated 18.12.2018.
- vii) The Central Electricity Regulatory Commission (Cross Border Trade of Electricity) Regulation, 2019 has laid down the responsibility of the Settlement Nodal agency namely settlement of grid operation related charges like operating charges, charges for deviation etc. The Settlement Nodal Agency is a member of the deviation pool, reactive energy pool and other regulatory pools for payment and settlement of the corresponding charges in the pool accounts of the region.

- viii) The Ministry of Power, Government of India has designated NVVN (besides being the nodal agency for cross border transactions) as Settlement Nodal Agency (hereinafter referred to as 'SNA') for settlement of transmission, grid operation related issues and charges with neighbouring countries, namely Bangladesh, Bhutan, Nepal and Myanmar on 26.11.2019.
- ix) The parties agreed on the terms and conditions for such services and activities of NVVN as the Settlement Nodal Agency and wish to record the same in writing

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

1. The Parties acknowledge, accept and confirm that NTPC Vidyut Vyapar Nigam Limited (NVVN) shall act as Settlement Nodal Agency (SNA) for the above Cross Border Power Trading of MW of power with BPDB / NEA / Bhutan (NVVN, Sembcorp, PTC) to be undertaken in terms of the Power Purchase Agreement signed by BPDB in line with consistent with the Guidelines of the Government of India, the terms of the Central Electricity Regulatory Commission (Cross Border Trade of Electricity) Regulation, 2019 and other applicable laws, rules and regulations.

2. Functions of SNA

- a) NVVN in its capacity of SNA will be the agency to coordinate with the user of the services of NLDC, NRLDC, ERLDC and NERLDC in India in accordance with the CERC RLDC (Fees and Charges) Regulations, 2019 and amendments thereof on behalf of cross border entity for the cross border transactions to be undertaken in terms of the Power Purchase Agreement signed by BPDB / NEA / Bhutan.

- b) NVVN in its capacity of SNA will be the Regional pool member for settlement of cross border deviation, reactive, congestion and SCED account in Northern, Eastern and North-Eastern regions in line with applicable regulations of the Central Commission on behalf of cross border entity.
- c) NVVN in its capacity of SNA would provide scheduling related information of requisition / availability of LTA, MTOA etc.
- d) NVVN in its capacity of SNA will coordinate and undertake the activities related to the weekly meter reading available as per the Indian Electricity Grid Code provisions to RLDCs for settlement of each identified cross border interconnection.
- e) NVVN in its capacity of SNA will settle charges for deviation (Regional Transmission Deviation Account and DSM), reactive, congestion and SCED as per the relevant Central Commission's regulations.
- f) NVVN in its capacity of SNA will have in place a suitable payment security mechanism for the back to back settlement with cross border entities.
- g) NVVN in its capacity of SNA will inform RLDCs / NLDC, for discontinuation of access to Indian grid to the concerned cross border entity, in case of non-payment of transmission and other grid related charges.

3. Billing and Payments

NVVN in its capacity of SNA shall raise the bill to the concerned cross border entity as below:

- i) Any deviation due to schedule as may be billed by RPCs / NLDC / RLDC.
- ii) Regional transmission deviation charges including DSM & RTDA
- iii) Reactive Energy charges & Congestion Charges

- iv) System Operation Fees and Charges
- v) Settlement Nodal Agency charges / fees as may be decided by Appropriate Commission / Authority in India from time to time. Till such time the amount of fee is notified by the concerned authority, a lump sum amount of Rs shall be payable to NVVN by the Cross Border Entity which shall be adjusted after notification of the payable fees as decided by the concerned authority.
- vi) Any other charges as may be billed by the statutory authorities for the transactions involving the entities.
- vii) Any other charges which become necessary pursuant to any order / rule / regulation or any amendments from concerned authority (ies) in India.

The above payments are to be done by the cross border entity as per the due date and Late Payment Surcharge shall be as per the applicable regulations. The due date of payment shall be such that NVVN has sufficient time to make the payment to concerned authorities after receiving it from the Cross Border Entity.

4. Obligation of Cross Border Entity

- a. Cross border entity shall follow all the guidelines, regulations, and amendments related to Cross Border Trade of Electricity (CBTE) in India.
- b. Cross Border entity should establish the Letter of Credit in favour of SNA for the charges related to deviations, RLDC charges, SNA fees payable by it.
- c. Cross border entity shall make timely payments of the bills as raised by SNA.
- d. Cross border entity shall provide availability/ requisitions of power schedules to SNA.
- e. Cross border entity shall provide weekly meter readings of power flow.

5. Payment Security Mechanism (PSM)

An irrevocable, unconditional and revolving Letter of Credit shall be issued by the Cross Border Entity in favour of NVVN in Indian Rupees from a Nationalized Bank of India or from a bank in the concerned neighbouring country which shall be confirmed by a branch in India of the Nationalized Bank of India equivalent to two point one (2.1) times the average monthly bill amount towards grid related and other charges with a validity of 1 year with 60 days claim period beyond validity. The letter of credit shall be opened by the cross border entity at least ninety days before the start of the actual schedule. In absence of PSM, NVVN may not schedule the flow of power of the entities.

LC should be renewed sixty days before expiry.

6. Dispute Settlement & Resolution Mechanism

- a. The role of the SNA is only that of a coordinator and it shall be indemnified by the Cross Border Entity from any disputes arising in the transaction between the parties.
- b. The disputes in relation to the cross border trade of electricity within the Indian Territory shall be settled as per the provisions of Electricity Act, 2003.
- c. Disputes involving entities of separate countries may be resolved mutually by the participating entities within a period of 60 days from the date of raising of the dispute.
- d. In case the dispute remains unresolved even after sixty (60) days from the date of raising of the dispute, the same shall be attempted to be mutually resolved at the Government level. This shall be taken up in the already existing Joint Working Groups (JWG) / Joint Steering Council (JSC) between the two countries.
- e. In case the dispute still remains unresolved, it shall be settled through the International Arbitration Centre as may be mutually acceptable to the parties to the dispute.

7. General:

- a. The Cross border entity shall abide by the provisions of the Electricity Act, 2003, the Guidelines for Import / Export (Cross Border) of Electricity-2018 issued by the Ministry of Power, Government of India and the Central Electricity Regulatory Commission (Cross Border Trade of Electricity) Regulations, 2019 or any other authority from time to time, other Rules and Regulations made thereunder or any other applicable Act or Rules or Regulations made under such Act.
- b. The Cross border entity shall be bound by the Rules, bye laws, Business Rules and circulars issued by MOP, GOI on cross border trade of electricity.
- c. The Cross border entity shall pay to NRVN the customer service charge and statutory levies as applicable from time to time for the contracts transacted through NRVN and the services rendered by NRVN to the Authority.
- d. The Cross border entity shall deposit with the NRVN such money as may be required to open and / or maintain account or maintain any position in accordance with power market regulations.
- e. In case of any conflict in interpretation of this agreement, the provisions of CBTE guidelines/ regulations shall prevail.

8. Exclusive Agreement:

This Agreement is exclusive to the Parties and neither Party shall assign its rights and benefits hereunder and shall not be linked with any other activities / arrangement / agreement of the parties. However, notwithstanding anything

contained in this Agreement, Entity / NVVN shall be entitled to assign its rights, interest and benefits at any time to its affiliates, group companies and subsidiaries

9. The parties agree that all changes in law in regard to the activities of NVVN as the Settlement Nodal Agency shall be duly given effect in a manner that all costs and expenses resulting therefrom shall be reimbursed by the Cross Border Entity and NVVN shall be indemnified in all respect by the Cross Border Entity
10. The address for issue of notices to NVVN and cross border entity under this Agreement, unless otherwise specified in writing by the concerned parties, shall be as set out in the opening part.

IN WITNESS WHEREOF the parties have executed these presents through their authorized Representatives on theth day of Two Thousand at

For and on behalf of
NTPC Vidyut Vyapar Nigam Limited.

For and on behalf of
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Signature with Seal

Signature with Seal

Witnesses

Witnesses

Scheduled A: Details of Transaction –As per Format given in Appendix A:

Scheduled B: Copy of Power Purchase Agreement/ Power Sale Agreement