

**KERALA ELECTRICITY EMPLOYEES' CONFEDERATION
INTUC**



(Reg. No. 01-14/87 - Aff. 10485)

V.P MARAKKAR SMARAKA MANDIRAM
AMBUJAVILASOM ROAD, THIRUVANANTHAPURAM - 695 001
E-mail : keecintuchq@gmail.com, Web: www.intuckeec.com



PATRON K. MURALEEDHARAN M.P	PRESIDENT K.P DHANAPALAN Ex.M.P 9447083300	WORKING PRESIDENT Adv. SIBYKUTTY FRANCIS 9447303578	GENERAL SECRETARY NAZEER.M 9447241503
---------------------------------------	---	--	--

No. KEEC/GL/2024/87

തിരുവനന്തപുരം
07.11.2024

സ്വീകർത്താവ്

ശ്രീ.കെ.കൃഷ്ണൻകുട്ടി
ബഹു.വൈദ്യുതി വകുപ്പ് മന്ത്രി
കേരള സർക്കാർ
തിരുവനന്തപുരം

സർ,

വിഷയം : മണിയാർ 12mw പദ്ധതി തിരിച്ചെടുക്കുന്നതും KSEB യെ ഏൽപ്പിക്കുന്നതും സംബന്ധിച്ച്.

- സൂചന : 1. Principal Secretary Power Department ന് KSEBL 25.5.2022 നും 20.12.2022 നും അയച്ച കത്തുകളുടെ പകർപ്പ്.
2. 18.5.1991 ൽ KSEB യും കാർബനും യൂണിവേഴ്സൽ ലിമിറ്റഡുമായി ഒപ്പുവച്ച കരാർ.

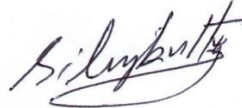
1990 ലെ കേരള ഗവൺമെന്റ് ഉത്തരവ് പ്രകാരം മണിയാർ 12mw ജലവൈദ്യുത പദ്ധതി കാർബനും യൂണിവേഴ്സൽ ലിമിറ്റഡ് കമ്പനിക്ക് BOOT വ്യവസ്ഥയിൽ നൽകിയിരുന്നു. 1994 ൽ പദ്ധതി പൂർത്തിയാക്കി. ഗവൺമെന്റ് വച്ച കരാർ പ്രകാരം 1994 മുതൽ 30 വർഷത്തേക്കാണ് പദ്ധതി മേൽ കമ്പനിക്ക് നൽകിയത് 2024 ഡിസംബറിൽ കരാർ കാലാവധി തീരുകയാണ്. പദ്ധതി KSEBL ഏറ്റെടുക്കുന്നതിലേക്കായി പവർ ഡിപ്പാർട്ട്മെന്റിലേക്ക് വിവിധ കാത്തുകൾ അയച്ചിട്ടുണ്ട്. എന്നാൽ കമ്പനി ഗവൺമെന്റിന് നൽകിയ കത്തിൽ അവർക്ക് വീണ്ടും കാലാവധി നീട്ടി കിട്ടണമെന്ന് ആവശ്യപ്പെടുന്നു. അത് കരാറിന് വിരുദ്ധമാണ്. ഈ പദ്ധതിയുടെ സിവിൽ ആസ്തികൾ ഇനിയും 100 വർഷത്തേക്കുകൂടിയും ഇലക്ട്രോ മെക്കാനിക്കൽ സിസ്റ്റം 40 വർഷത്തേക്കും നില നിൽക്കുന്നതാണ്. പ്രതിവർഷം 3 കോടി യൂണിറ്റ് ഉൽപ്പാദിപ്പിക്കുന്ന ഈ പദ്ധതിയുടെ സ്ഥലം ഉൾപ്പെടെയുള്ള പദ്ധതി പ്രദേശം ഗവൺമെന്റിന്റെതാണല്ലോ. ഒരു യൂണിറ്റ് വൈദ്യുതിയുടെ വില ശരാശരി 6 രൂപ വച്ച് കുട്ടിയാലും (6x3 = 18) ഒരുവർഷം 18 കോടി രൂപവച്ച് ഇനിയുമുള്ള കാലത്ത് ഗവൺമെന്റിന്/ജനത്തിന് ലഭിക്കും. അത് പത്തുവർഷം വരുമ്പോൾ 180 കോടി ആകും. അതേ സമയം റോയൽറ്റി ഫീസിനത്തിൽ പ്രതിവർഷം 2.2 കോടി രൂപ മാത്രമാണ് വാർഷികമായി

ഗവൺമെന്റിന് ലഭിക്കുന്നത്. ഇടക്കാലത്ത് കമ്പനി open access ൽ നിന്നും വിലകുറഞ്ഞ വൈദ്യുതി കിട്ടിയപ്പോൾ അവിടെ ഉൽപാദിപ്പിച്ച വൈദ്യുതി KSEB ഗ്രിഡിലേക്ക് HT/EHT താരിഫിൽ നൽകി കരാർ ലംഘനം നടത്തിയിട്ടുണ്ട്. മേൽ സാഹചര്യങ്ങൾ പരിശോധിച്ച് പദ്ധതി ഗവൺമെന്റ് ഏറ്റെടുത്ത് KSEBL നു നൽകുന്നതിനുള്ള ഉചിത തീരുമാനം അങ്ങയുടെ ഭാഗത്തുനിന്നും ഉണ്ടാകണമെന്ന് അഭ്യർത്ഥിക്കുന്നു.

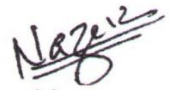
വിശ്വസ്തതയോടെ,



കെ.പി.ധനപാലൻ Ex.MP
പ്രസിഡന്റ്



അഡ്വ.സിബിക്യൂട്ടി ഫ്രാൻസിസ്
വർക്കിംഗ് പ്രസിഡന്റ്

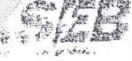


നസിർ.എം
ജനറൽ സെക്രട്ടറി

ഉള്ളടക്കം :

വിവരാവകാശ പ്രകാരം KSEBL ൽ നിന്നും ലഭിച്ച രേഖകൾ (ക്രമം 1, 2)





Dr. B. ASHOK, IAS
Chairman & Managing Director

obj 1 (1)

No. CML-EE2-AEE 2/Maniyar SHEP/2021-22/CE(C&T)/83

25.5.2022

To

The Principal Secretary,
Power Department,
Government of Kerala,
Thiruvananthapuram - 1

Sir,

Sub:- Maniyar Hydro Electric Project 12MW – Request for BOOT period Extension -
Reg

Ref : Letter dated 11.10.2021 of M/s Carborundum Universal Limited addressed to the
Principal Secretary, Power Department, GoK.

Please find enclosed the KSEBL's remarks on the request of M/s Carborundum
Universal Limited for extension of BOOT period of Maniyar small hydro electric project.
Government may decide the matter as deemed fit with careful consideration of the
view points of KSEBL.

Yours faithfully,



Chairman & Managing Director

KERALA STATE ELECTRICITY BOARD LTD.

CIN : U40100KL2011SGC027424

Registered Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram - 695004

Ph: +91 471 2442125, Mob: 9446008002, Fax : +91 471 2441328

E-mail: cmdkseb@kseb.in



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Indian Companies Act, 1956)

Office of the Chief Engineer (Commercial & Tariff)
8th Floor, Vidyuthi Bhavanam, Pattom, Thiruvananthapuram - 695 004, Kerala
Phone: +91 471 2514366 Email: dce.cp@kseb.in

No: CML-EE2-AEE--2/Maniyar SHEP/2021-22/CE(C&P)/

Dated: .5.2022

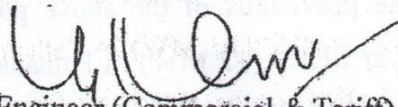

Note on request of M/s Carborundum Universal Limited for BOOT period extension

Ref: Letter dated 11.10.2021 of M/s Carborundum Universal Limited addressed to the
Principal Secretary, Power Department, GoK.

1. In 1990, GoK issued policy guidelines for setting up small/mini/micro hydro projects by private agencies (both CPP and IPP mode) as a part of promotion of private participation. As per the provisions of the above policy, GoK with the concurrence of KSEB allotted the Maniyar SHEP (12 MW) in Pathanamthitta District to M/s Carborundum Universal Limited (M/s CUMI) on captive basis for execution and operation for a period of 30 years from the COD of the project.
2. The Agreement between KSEBL and M/s Carborundum Universal Limited was executed on 18.5.1991. As per the Agreement, the land with all structures including electric installations, machinery, buildings and other appurtenant and operating facilities constructed in connection with Maniyar HEP shall with out any cost, be transferred to the ownership of KSEB at the end of 30 years from CoD. In case of failure, the KSEB will have the right to recover the property with all its structures including electric installations; machines etc. The project has to be surrendered to KSEBL in the year 2024 as per the terms and conditions in the agreement.
3. M/s CUMI have claimed that they have made significant investment during the flood of 2018. No documents were submitted by the developer to KSEBL till date regarding the investment made. Further, before investing additional capital for the project, the company has to approach the Hon'ble KSERC for approval.
4. M/s CUMI's argument for an extension of BOOT period by claiming investments made after the floods during 2018 and 2019 does not cover under the existing agreement conditions. Moreover, damages due to flood shall be considered as a Force Majeure Event. Normally,

(during the force majeure event, no party shall be liable in any manner whatsoever to the other party in respect of any loss, damage, cost expense, claims demands and proceedings relating to or arising out of occurrence or existence of any Force Majeure Event, which will be normally covered under comprehensive insurance scheme.

5. M/s Viyyal Power Private Limited who were allotted the Iruttukanam SHEP in 2004 on IPP mode have also approached GoK to extend the BOOT period so as to compensate the loss occurred to them due to the flood and landslide of August 2018. If we agree to extend the BOOT period, it will be considered as an unfair practice and would be a precedence for other CPP/IPPs.
6. There is no provision in the implementation agreement for Boot Period extension, and the request from the developer is against the tender conditions of selection of the developers for small hydro project implementation.


Chief Engineer (Commercial & Tariff)




Dr. RAJAN N. KHOBRADE IAS
Chairman & Managing Director

mg 21/12/22 (2)

KSEBL/TRAC/AE1/ CUMI/2022-23/379

20.12.2022

To

Principal Secretary
Power Department,
Government of Kerala,
Thiruvananthapuram.

Sir,

Sub: Extension of BOOT period of Maniyar SHEP allotted to M/s. Carborundum Universal Limited (CUMI) – reg:

- Ref: 1. Letter No:416/M(Ele)/ADPS/N/2022 dated 09.12.2022 of Additional Private Secretary to Hon'ble Minister for Power
2. Letter No. CML-EE2-AEE2/Maniyar SHEP/2021-22/CE(C&T)/83 dated 25.05.2022 of CMD, KSEBL

Vide ref 1, a discussion was held on 12.12.2022 with Hon'ble Chief Minister, Hon'ble Minister for Law, Industries & Coir and Hon'ble Minister for Power regarding the extension of BOOT period of Maniyar captive SHEP allotted to M/s. Carborundum Universal Limited.

In the subject matter, KSEBL vide ref 2, has already submitted the remarks to the Government. The following additional points are submitted for your kind consideration:

- i. In 1990, GoK issued small hydro policy guidelines for setting up small/mini/micro hydel projects by private agencies (both CPP and IPP mode) as a part of promotion of private participation vide G.O(MS) No.23/90/PD dated 07/12/1990. As per the provisions of the above policy, GoK with the concurrence of KSEB allotted the Maniyar SHEP (12 MW) in Pathanamthitta District to M/s Carborundum Universal Limited (M/s CUMI) on captive basis (CPP) for execution and operation for a period of 30 years from the COD of the project for operating their factories at Palakkad, Koratty and Kalamessery. Under CPP mode, the energy generated in excess of their requirement during one account year shall be fed into the KSEB grid at mutually agreed rate.
- ii. The Agreement between KSEB and M/s Carborundum Universal Limited was executed on 18.5.1991. As per the Agreement, the land with all structures including electric installations, machinery, buildings and other appurtenant and operating facilities constructed in connection with Maniyar HEP shall without any cost, be transferred to the ownership of KSEB at the end of 30 years from CoD. In case of failure, the KSEB will have the right to recover the property with all its structures including electric installations, machines etc. The ownership of the project should be transferred to KSEBL in the year 2024 as per the terms and conditions in the agreement.

KERALA STATE ELECTRICITY BOARD LTD.

CIN : U40100KL2011SGC027424

Registered Office: Vdvuthi Bhavanam, Pattom, Thiruvananthapuram

- iii. M/s. CUMI vide letter dated 11.10.2021, has intimated that, the floods during 2018 have ravaged Maniyar plant and the company has made significant investment during 2018 & 2019. Considering the losses suffered and power security needed they requested for BOOT period extension for 25 years. However, the generation details of Maniyar SHEP reveals that, there was normal generation during the year 2018-19 and only two months generation loss during Sept 2019 & Oct 2019. Even though the flood occurred on 8th August, the plant had generated 2.52 MU during that month.
- iv. Although, M/s CUMI have claimed that they have made significant investment during 2018 and 2019 in connection with floods, no documents were submitted to KSEBL till date regarding the investment made. Hence Government may check the prudence of the investment.
- v. It may be noted that, there is no provision in the prevailing agreement for Boot Period extension.
- vi. As per clause 1 of agreement, *"CUMI agrees to abide by the rules and regulations to be framed by the State Government and KSEB from time to time in the matter of electricity generation by private agencies"*. As per the above clause, provisions of the small hydro policy 2012 and associated implementation agreement are applicable to M/s. CUMI. As per the implementation agreement, it is the obligation of the parties to intimate the force majeure event to government of Kerala. Also, if a Force Majeure Event continues beyond a period of 120 days, the Parties may mutually decide to terminate this Agreement or continue this Agreement on mutually agreed terms. But no such information available with KSEBL, whether M/s. CUMI have taken up the matter with GoK.
- vii. The claim of M/s CUMI for extension of BOOT period in the wake of investments made during flood are not covered under the provisions of the prevailing agreement. As per the Small Hydro Policy/Implementation agreement, damages due to flood shall be considered as a Force Majeure Event. During the force majeure event no party shall be liable in any manner whatsoever to the other party in respect of any loss, damage, cost expense, claims demands and proceedings relating to or arising out of occurrence or existence of any Force Majeure Event, which will be normally covered under comprehensive insurance scheme. Being a captive power plant, it is the sole responsibility of M/s. CUMI to rehabilitate the project by availing insurance claim and hence no party is liable to bear such losses and damages.
- viii. As per the clause 8, para 2 of the agreement dated 18.05.1991, the energy generated in excess of their requirement during one account year shall be fed into the KSEB grid at mutually agreed rate. The accounting shall be carried out on annual basis for a period from 1st July to 30th June.

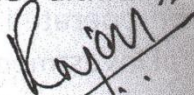
- ix. As per clause 2 of supplementary agreement dated 27.09.1995, "2. If the energy in excess of the requirement of CUMI is generated from the project at Maniyar during one accounting year, CUMI may sell the excess banked energy to the KSEB. The sale shall be deemed to be effected at the EHT terminals of the KSEB where the power generated by the CUMI at Maniyar is fed into the KSEB grid..... The rate at which the KSEB shall pay to CUMI for such sale will be at the rate, at which KSEB sells energy to the EHT consumers in the same voltage class at which the KSEB receives the energy from CUMI."
- x. At the time of execution of the agreement, the concept of "open access" system was unknown to the power sector and hence no such provisions were included in the agreement. After the promulgation of EA 2003, most of the bulk consumers including M/s. CUMI started utilising the open access provision to meet their power needs. As M/s. CUMI is an embedded Open Access consumer and are availing energy through open access, in addition to power from KSEBL and hence they have multiple sources of energy, i.e., from KSEBL, through open access and through captive hydro generation.
- xi. On analysis of the captive generation/consumption data, it is seen that, M/s. CUMI is purchasing power through power exchange whenever the price is less than the KSERC tariff. The quantum of energy bought under Open access is seen to vary according to the price trends in the Power Exchange. As per the agreement, the entire captive generation has to be utilised first before availing power either from KSEBL or Open access and banking shall be resorted only in the excess generation after the above adjustment.
- xii. In certain months, M/s. CUMI is meeting energy requirement only from KSEBL Power & open access without utilising the Captive Generation. This indicates that CUMI is banking the entire captive generation from Maniyar SHEP without consuming it, which is a clear violation of agreement.
- xiii. The practice of banking the captive generation without adjusting against the consumption is against the agreement as this will lead the 'deemed banking of open access quantum' to KSEBL and they are making undue advantage and gain utilising the open access which is not envisaged in the existing agreement between KSEB and M/s. CUMI. The above practice has the effect of burdening all other consumers in the state.

Benefit to Consumers of the state, as the project is to be handed over to KSEBL after the expiry of BOOT period in 2024 as per the agreement

- xiv. The CoD of Maniyar SHEP is in 1994. As per the agreement the BOOT period ends in 2024. The useful life of Small Hydro Projects based on CERC Tariff Regulation 2020 and KSEBL standard practice is 40 years. Considering the above, Maniyar SHEP will have residual operational life of 10 more years without Renovation Modernisation and Uprating (RMU). i.e., the station can be operated further 10 more years after BOOT period without any additional capital investment.
- xv. As per the agreement, the project shall be handed over to KSEBL, thus consumers of the state will be benefited as follows.

1. Since Maniyar SHEP is a tail race project of Sabarigiri HEP, the generation is available throughout the year. Hence the load generation balance during high demand summer months can also be met through this project.
2. As the generation from this project is available throughout the year, there is an opportunity cost with KSEBL to sell/save power purchase. i.e, KSEBL can sell the energy generated from this project during Monsoon period and save additional power purchase cost during summer period by utilising this generation. Hence KSEBL is getting both sale opportunity and power purchase saving opportunity and this benefit can be passed on to the consumers.
3. The cost benefit analysis, after handing over the project to KSEBL is calculated with an assumption that, Power exchange rate during monsoon/ summer period is adopted based on previous KSEBL sale/purchase during that period. If there is both sale and purchase during any particular month, as per the historical data, the higher rate is considered for the analysis as KSEBL is having both opportunities.
4. Marginal escalation factor of 1 % is considered for power exchange rate for the next 10 years. The operation expenses are also considered in the analysis.
5. The existing pattern of employee crew, A&G expenses and R&M expenses followed by KSEBL in small hydro projects are also considered in the operational expenses for this analysis.
6. The Overall benefit that will be passed on to the consumer of the state during 10-year tenure, on handing over of the project to KSEBL as per the agreement will be around **Rs 139.58 Crores.** (Annexure attached)
7. It may also be noted that, The Civil structure of the project have more useful life of about 100 years. Hence, after useful life of Electro Mechanical equipment, the project can be renovated by replacing the machinery and thereby extending the useful life of the project for further 40 years. The levelized tariff so arrived will be low as the capital cost does not involve Civil works, land cost, infrastructure cost etc. This additional benefit is not considered for this analysis.
8. The Department of Industries has informed in the meeting on 12th December 2022 that they would consider a special policy for industrial units exclusively having the Captive SHEP, developed based on BOOT mode. It is suggested that, after legal scrutiny of BOOT agreement, benefits to KSEBL after BOOT period and the policy of Industries Department, appropriate decisions may be taken.

Yours Faithfully,



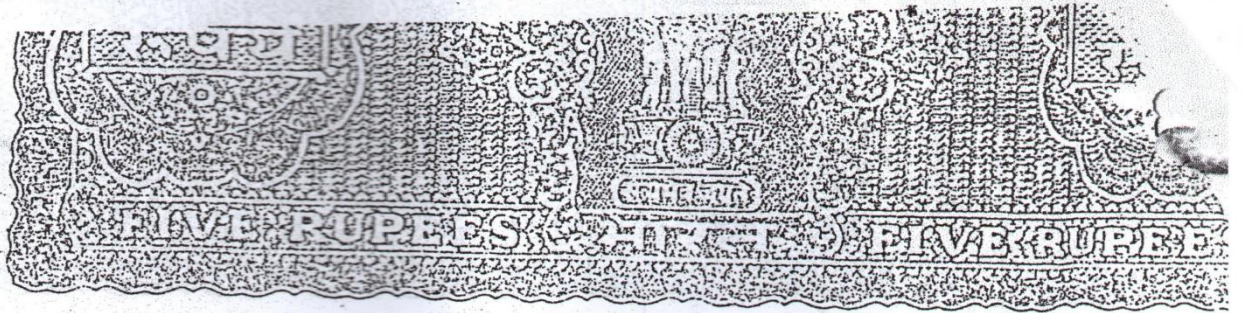
Chairman & Managing Director



A G R E E M E N T

THIS AGREEMENT made on this the Eighteenth day of May One thousand nine hundred and ninety one between the Secretary, for and on behalf of the Kerala State Electricity Board (hereinafter referred to as the "KSEB" which expressions shall, when the context so admits or implies, be deemed to include its successors and assigns as well) of the one part and the Managing Director of Messrs Carborundum Universal Ltd., a Company incorporated under the Indian Companies Act 1956 having its Registered Office at No.28, Rajaji Road, Madras-600 001, (hereinafter referred to as the "CUMI") of the other part.

WHEREAS ^① the Kerala State Government have announced the Terms and Conditions of Private Sector Participation in Generation of Power through Small/Mini/Micro Hydel Schemes vide G.O(MS) No. 23/90/PD dated 07.12.1990 } hereinafter referred to as the said G.O. which shall form part of this agreement as if incorporated herein, and WHEREAS [the Government of Kerala as per G.O. No.17/91/PD dated 18.1.1991 have allotted the Maniyar Hydro Electric



: 2 :

Project in Pathanamthitta District to CUMI for execution and operation for a period of 30 (thirty) years from the date of first commissioning of the Scheme and whereas KSEB has given its consent as per its order No. B.O.No. Plg.CVI/1/82 dt 22.2.91.]

It is hereby agreed as follows:

1. CUMI is hereby allowed to set up the Maniyar Hydro Electric Project with 3 x 4 MW installed capacity at their own cost, the construction, operation and maintenance being managed by them as per the stipulations insisted upon by the Govt/KSEB and subject to the stipulated conditions as per Indian Electricity Act, 1910, Electricity (supply) Act 1948, other related rules and orders from the Central and State Governments.

The KSEB will issue consent, in accordance with the Electricity Supply Act and Rules to be framed by the Government of Kerala from time to time, in the matter, for the CUMI to construct and operate the Small Hydel Power Station, Maniyar. The CUMI agrees to abide by the Rules and Regulations to be framed by the State Govern-

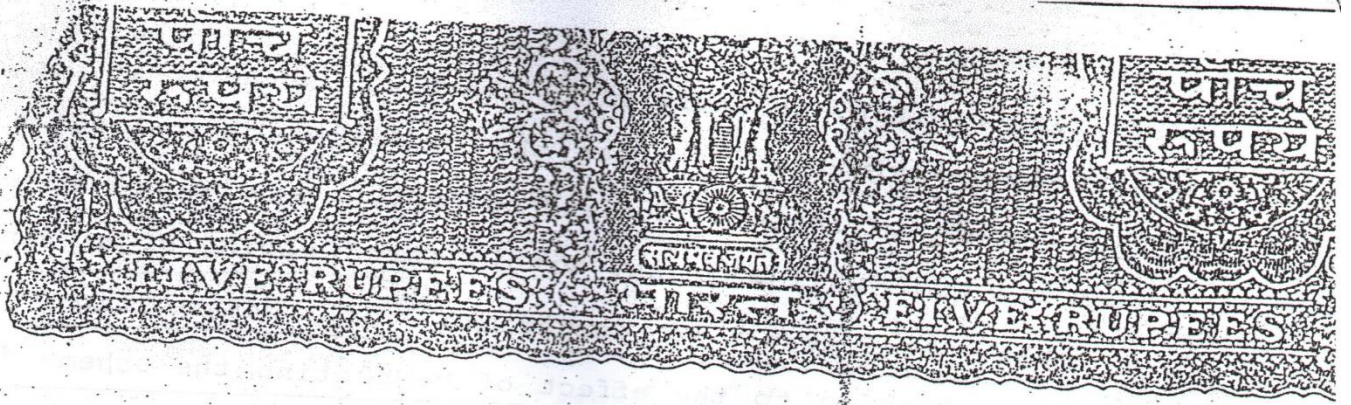
.....p/3

(Handwritten signature)

(Handwritten signature)



(Handwritten signature)



: 3 :

ment and KSEB from time to time in the matter of Electricity generation by private agencies.

2. The project implementation shall be strictly in accordance with the Project Report and Designs and Specifications as approved by the KSEB. Any alteration or modification, in the design/standards/specification of construction, operation and maintenance specified by the K.S.E.B. and those in approved Project Report shall be effected only with the specific consent and approval of the K.S.E.B. The CUMI agrees that the design, construction, installation and operation of the scheme shall be subject to scrutiny, inspection and approval by the K.S.E.B. and that CUMI shall be liable to effect alterations and modifications in design, standards and specifications required by the K.S.E.B. from time to time for the effective functioning of the generating scheme. The CUMI shall make available all facilities for such inspections of the design/works by the K.S.E.B.

.....p/4

5

20/4



2/11

3. The K.S.E.B. is entitled to check up, whenever it deems necessary to see whether the conditions stipulated in respect of installation and operation, are being adhered to. CUMI will furnish, within three months of signing the Agreement, a programme of construction & installation to the effect of completing the scheme in such a manner that the commercial completion of the scheme is achieved within 30 (Thirty) months from the above date. K.S.E.B. shall review the progress of execution as per schedule every three months.

It will also be incumbent on parties concerned to agree upon a revised schedule if it is established that the CUMI is not able to adhere to the agreed schedule on account of conditions beyond the control of CUMI.

It is agreed that the K.S.E.B. will have the option to cancel the consent issued to CUMI and resort to alternative arrangements in completing and commissioning the scheme in case it is found that the CUMI is unable to adhere to the accepted schedule and, in the opinion of the K.S.E.B. the CUMI would not be able to complete the installation within a reasonable time. In such a case and in the contingencies that CUMI is rendered unable to complete the scheme or after completion it is rendered unable to operate the scheme as per schedule of generation agreed to between the parties for any reason, the K.S.E.B. shall be authorised to take over the works including all machinery equipment, land and all facilities for early completion of the scheme and pay the CUMI cost of works, equipments etc.,

so taken over, the cost to be paid being assessed as per rules current in the K.S.E.B. for such valuation. The decision of the K.S.E.B. shall be final and binding.

4. In case, the power project is to be located in an area owned by private parties, CUMI shall acquire the land from the private land owner. Any Government land required adjacent to dam works will be got transferred through KSEB for which the CUMI will have to pay a lease rent of Rs. Two thousand five hundred per hectare per year or an amount fixed by Government from time to time, the lease period being upto thirty years from the date of first commissioning of the scheme.

The land with all structures including electric installations, machinery, buildings and other appurtenant works and operating facilities constructed in connection with the Maniyar Hydro Electric Project shall without any cost, be transferred to the ownership of the KSEB at the end of the stipulated period of thirty years from the date of first commissioning. CUMI shall surrender the premises with all structures, machinery etc in favour of the KSEB after redeeming the charges, if any, created by the CUMI. In case of failure, the KSEB will have the right to recover the property with all its structures including electric installations, machinery etc.

5. The ownership of the project and licence/permission for installation and operation of the project, are not transferable except as stated in clause (4) above. CUMI may however, with express consent of the KSEB

necessary finance from financing institutions towards the capital cost of the project by hypothecating the site and structures, machinery etc. Any other contract entered otherwise shall be void. CUMI shall not hypothecate the sites and structures, installation, machinery, building etc. hereon for any period longer than the authorised period for operation by CUMI or period for which the site are leased to it by KSEB. On the expiry of thirty years or the period of lease, CUMI shall redeem all the charges created and surrender all the properties to the KSEB. CUMI should see that no liability subsists beyond the period of lease or beyond 30 years from the date of first commissioning of the scheme. In case there is any subsisting liability, CUMI shall be personally liable for the same.

6. The transmission line required for transferring power from the Power house to the nearest grid substation or other locations as suggested by the KSEB will be built by KSEB at the cost of CUMI, as a deposit work and after construction it shall be transferred to the KSEB without any compensation. Land required for construction of such transmission line will be considered as part of land required for the project as per conditions as elaborated under clause 4 & 5 and 16. The metering equipment shall be provided by CUMI at their cost at a point decided by the KSEB and handed over to the KSEB along with the transmission line, without any compensation.
7. In respect of metering equipment, the rules that are applicable in the case of other installations where KSEB

provides metering equipments, shall be applicable.

The energy from Maniyar Hydro Electric Project fed into the K.S.E.B. grid will be metered at a location as detailed above (using meter duly calibrated by K.S.E.B.) and this quantum of energy less twelve percent towards wheeling charges and T & D losses will be delivered free of cost to CUMI at their E.H.T. Terminals at the point of supply in their installations. In the case of supply or receipt made in LT lines the allowance for losses and wheeling charges will be more and will be as stipulated by the KSEB.

In case energy in excess of the requirement of CUMI is generated from the project during one accounting year such excess energy shall be fed into the KSEB grid itself at rates to be mutually agreed upon. Under no circumstances shall CUMI be entitled for the sale or transfer of any excess energy or any energy produced from the project to any party other than the KSEB. The accounting of the energy fed into the grid and supplied by KSEB to CUMI for operating their factories in Kerala at Palakkad, Koratty and Kalamassery will be settled on an annual basis, the year being reckoned from 1st of July to 30th June.

9. In case the KSEB grid is not in a position to absorb the energy generated from the project for any reason such as high level of storage in reservoirs, breakdown of transmission lines, the generation from the project will have to be stopped as directed by the KSEB. The pattern of power generation from the project shall be as directed by the KSEB.

10. During the periods of power cut or restrictions in Electricity supply by the KSEB the CUMI shall, in virtue of its contribution in power generation from the project, be eligible for additional power consumption from the grid, over and above its restricted/reduced quota during such power cut or restrictions. This additionality shall however be limited to the average monthly generation from the Maniyar Hydro Electric Project during the previous year of accounting (July to June), subject to availability of banked power at the time of power cut. The total consumption in any month during the periods of power cut or restrictions shall also not exceed the base consumption prescribed by the KSEB for CUMI for such periods.

~~CUMI shall also not be eligible for any exemption from other restrictions such as hours of supply, limitation in load etc. Any excess drawal will attract penal rates.~~

11. The T & D losses, wheeling charges etc fixed at 12% (Twelve percent) as per clause 8 above will be liable for review by KSEB during revision of tariff rates periodically.

12. The request of CUMI for full power supply during period of maintenance, shut down of the Maniyar Hydro Electric Project will be considered by KSEB on case to case basis and in any case such shut-down will not normally be permitted during periods of energy shortage in the system.

13. One percent of project cost must be payable by the CUMI to the KSEB for Project Report preparation/consultancy charges.

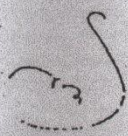
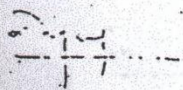
14. Royalty for the use of water together with the tax and duties on generation of power as fixed by Govt/KSEB from time to time have to be paid by CUMI, to K.S.E.B.

Maniyar Hydro Electric Project will utilise the existing head works benefit of the Maniyar Irrigation Dam of P.W.D. which is fed mainly by the controlled release of water from existing Moozhiar Power House of KSEB. In order to account for the additional advantage gained by way of getting such controlled releases, CUMI will have to pay to KSEB the cost component for the controlled release utilised by the CUMI for the energy generated from the scheme. This will be in addition to the royalty on water to be paid. The charges for controlled release as above as well as royalty on water, will be reckoned on the quantum of energy generated and shall be ten percent of energy tariff rate for E.H.T. consumers current from time to time for every unit of energy generated and shall be paid to the K.S.E.B.

15. Remedial Measures or Compensatory measures if any directed to be done to protect the environment as insisted by the Govt. of Kerala or Department of Environment, Govt. of India while clearing the project or subsequently will also have to be carried out by CUMI at their cost.

16. A supplementary Agreement regarding transfer of and installation thereon referred to clauses 4 and above will be executed between the KSEB and CUMI, after finalising the extent and location of land to be used for the project.
17. KSEB shall have the right to take over the generating plant at Maniyar set up by CUMI if any exigency arises, without any commitment whatsoever regarding the taking over of the staff of the CUMI involved in the work. When the lease period of thirty years from the date of first commissioning of the project is over and the premises with all structures and installations are transferred to the KSEB by CUMI, the KSEB will not be under obligation to take over the staff employed by CUMI under any circumstances.
18. The entitlements/dues to Government/KSEB as per the terms of the Agreement, are recoverable in any manner including invoking the provisions of the Revenue Recovery Act, as if they are arrears of revenue due to Government/KSEB.
19. Under no circumstance will KSEB undertake any contingent liability by way of providing guarantee etc. for CUMI for implementing the Project.

.....p/11



20. In case of any dispute or difference of opinion between CUMI and the KSEB arises the matter would be referred to the Government of Kerala and their decision shall be final.

IN WITNESS WHEREOF THE PARTIES HAVE HERETO SET THEIR HANDS AND SEALS ON THE DAY, MONTH and YEAR FIRST ABOVE WRITTEN.

SIGNED BY Shri S. Girijathmajan
SECRETARY

for and on behalf of the Kerala State Electricity Board.



In the presence of witnesses:

1. K. I. Daniel
Deputy Secretary I
K. S. E. Board
Thiruvananthapuram

2. G. Dasapain
Deputy Secretary I
K. S. E. Board
Thiruvananthapuram

Signed by Shri M. V. Murugappan

for and on behalf of the Carborundum Universal Ltd.



In the presence of witnesses:

1. S. A. Padmanabhan (S.A. PADMANABHAN)
Chief Project Manager
Carborundum Universal Ltd. Madras 1.

2. R. Mathavan Nair
Asst Manager
Carborundum Universal Ltd.
Kalamassery Development Pkt.
Ernakulam.