

# Nepal Electricity Authority (NEA)

Durbar Marg, Kathmandu, Nepal

BID DOCUMENT FOR

PURCHASE OF POWER BY NEA

from 1<sup>ST</sup> December, 2022 to 31<sup>ST</sup> May, 2023

THROUGH COMPETITIVE BIDDING

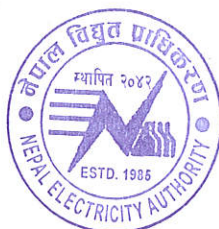
**BID IDENTIFICATION NO: NEA/PP/ 2022-01**

**Web: [www.nea.org.np](http://www.nea.org.np)**

1	Sale of Bid Document/ Date of First Publication	20 <sup>th</sup> September, 2022
2	Non-refundable Cost of Bid Document*	Indian Currency (INR) 7500 or equivalent Nepali Rupees on the date of first publication of Invitation for Bid (IFB) at the selling rate published by Nepal Rastra Bank
3	Last Date & Time of Submission of Bid	12.00 hrs of 11 <sup>th</sup> October, 2022
4	Date and Time of Opening of Technical Bid	13:00 hrs of 11 <sup>th</sup> October, 2022
5	Earnest Money Deposit (EMD)	INR 30,000/MW/Month of quoted capacity of the Bidder or equivalent Nepali Rupees on the date of first publication of IFB at the selling rate published by Nepal Rastra Bank
6	Place of Opening of Technical Bid	NEA Head Office, Durbar Marg, Kathmandu, Nepal

*\*In case of downloaded documents, the cost of Bid Document shall be paid in the form of Demand Draft drawn on any commercial bank in Nepal in favor of Nepal Electricity Authority payable at Kathmandu or evidence of payment through electronic funds transfer to NEA's bank account.*

*\*Bidder(s) shall submit separate EMDs in case Bidder(s) intend to participate in the Bids for sale of power to both Delivery Points.*



## 1. Introduction and Background

Nepal Electricity Authority (NEA) is a Government of Nepal (GoN) undertaking established for the purpose of generation, transmission, distribution and import/export of electricity. NEA wishes to purchase power up to 365 MW (300 MW for Delivery Point at Muzaffarpur Sub-Station and 65 MW for Delivery Point at Tankapur Sub-Station) on Round-The-Clock (RTC) basis through Open Access on a short-term basis for the period from 01<sup>st</sup> December 2022 to 31<sup>st</sup> May 2023 in accordance with the General Terms & Conditions annexed as Annexure-I.

## 2. Eligibility

All Utilities, Generators and Traders having a valid trading license of category IV issued by CERC, Government of India are eligible to participate in this Bid.

## 3. Submission of Bid

The Bid submitted by the Bidder and all correspondences and documents relating to the Bid shall be written in English Language. The Bidder shall submit Bids in 2 (two) parts (Part-A & Part-B), duly signed by the authorized signatory on each page of the Bid Document, in sealed envelope.

**3.1. Part A:** The envelope containing the documents of Part A, should indicate as "Part-A" and the Bid Identification Number should be indicated on the top of the envelope. The envelope should contain the following documents:

- i. Covering Letter indicating the list of documents enclosed in the envelope.
- ii. Bidder Company Data as per format annexed as Annexure-2.
- iii. The Bid shall be accompanied with EMD in the form of Bank Guarantee (BG) issued by a commercial bank located in Nepal or if issued by a foreign bank, it shall be counter-signed by a commercial bank in Nepal in such a way that NEA is entitled to claim BG through the commercial bank in Nepal or Demand Draft drawn in any commercial bank in Nepal in favor of NEA or transfer through electronic mode in the designated account of NEA in INR 30000/MW/Month (irrespective of number of days in a month) of quoted capacity (MW) of the Bidder or equivalent Nepali Rupees on the date of first publication of IFB at the selling rate published by Nepal Rastra Bank. Bidder(s) shall submit separate EMDs in case Bidder(s) intend to participate in the Bids for sale of power to both Delivery Points.
- iv. A Demand Draft / Payment Slip / any Proof of Payment, if payment is made through electronic mode to NEA bank account, (as mentioned in Clause 6: Earnest Money Deposit of this Bid document) towards payment of non-refundable cost of Bid document.
- v. In the event that the bidder is a Trader, such bidder shall be required to submit a notarized copy of its valid trading license issued by CERC.
- vi. The Technical Bid shall not include any financial information.
- vii. The original and all the copies of the Technical Bid shall be placed inside of a sealed envelope clearly marked "TECHNICAL BID", "[Name of the Assignment]", Bid identification number, name and address of the Bidder, and with a warning "**DO NOT OPEN UNTIL [INSERT THE**



## **DATE AND THE TIME OF THE TECHNICAL BID SUBMISSION DEADLINE].”**

- 3.2. Part B:** The envelope containing the documents of Part B should indicate as "Part-B" and contain the Financial Bid consisting of Price (in INR) and Quantum (in MW) for sale of energy to NEA as per **Annexure-3** and the Bid shall be unconditional. The Bidder may offer Financial Bid for sale of power to NEA through any one of the Delivery Point or both Delivery Points.

The original Financial Bid shall be placed inside of a sealed envelope clearly marked **“FINANCIAL BID”** followed by the name of the Assignment, Bid identification number, name and address of the Bidder, and with a warning **“DO NOT OPEN WITH THE TECHNICAL BID.”**

The sealed envelopes containing both Part A & Part B shall be put together in one sealed envelope marked **“Offer for Purchase of Power by NEA through Open Access”** and **“DO NOT OPEN BEFORE [insert the time and date of the submission deadline]”** and shall be delivered to:

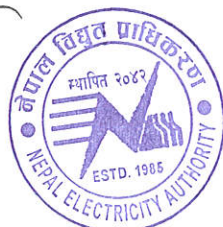
Director  
Power Trade Department  
Nepal Electricity Authority  
Durbar Marg, Kathmandu  
Tel: +977-01-4153110  
Email: powertrade@nea.org.np

Bids received by NEA after the specified date and time shall not be eligible for consideration and shall be summarily rejected.

## **4. Procedure for opening of Bid:**

The following procedure will be adopted for the opening of all Bids.

- First, Part-A, Technical Bid, will be opened in the presence of the Bidders' representatives, who choose to be present at the prescribed time, date, and address. The opening date, time and the address are stated in the Bid Document. The envelopes with the Financial Bid shall remain sealed and shall be securely stored until they are opened in accordance with Clause 4 (e).
- At the opening of the Technical Bids, the following shall be read out: (i) the name and address of the Bidder (ii) the presence or absence of a duly sealed envelope with the Financial Bid; (iii) any modifications to the Bid Document submitted prior to Bid submission deadline.
- NEA shall evaluate the Technical Bid on the basis of their responsiveness to the Bid Document. Each Bid will be evaluated whether it is responsive or not. A Bid shall be rejected at this stage, if it is not found responsive to requirements of the Bid.
- Bids without Earnest Money Deposit shall be rejected out-right.
- After the technical evaluation is completed, NEA shall notify those Bidders whose Bids were considered non-responsive to the Bid Document or did not meet the eligibility criteria that their Financial Bids will be



returned unopened after completing the selection process and PPA signing. NEA, through NEA's website, shall simultaneously notify those Bidders that have qualified and inform them of the date, time and location for the opening of the Financial Bids. The Bidder's attendance at the opening of the Financial Bids is optional and is at the Bidder's choice.

## 5. Contract Documents

NEA shall intimate the acceptance of purchase of power to the Bidder(s), whose Bid(s) has/have been accepted through a Letter of Award (LOA) to be dispatched by e-mail. Both the Parties shall execute a Power Purchase Agreement (PPA) within fourteen days after the issuance of the Letter of Award in format of PPA enclosed as **Annexure-4**. However, the Seller shall submit the Contract Performance Guarantee (CPG) as per Clause -19 of Annexure I before execution of PPA.

## 6. Earnest Money Deposit

The Bid shall be accompanied with Earnest Money Deposit (EMD) in the form of Bank Guarantee / Bank Draft drawn in any Commercial Bank, in Nepal in favor of "NEA" payable at Kathmandu or through electronic mode in the designated account of NEA as detailed below;

Account Name : NEA-Central Payment Division  
Bank Name : NMB Bank Limited, Babarmahal, Kathmandu  
Account Number: 0010001460000561  
Swift Code : NMBBNPKA

- The EMD shall be calculated at the rate of INR 30000 / MW / Month. For example, if the offer is of 1 MW is for 1 month, the EMD shall be {INR 30000\* 1 Month \* 1 MW} = INR 30000.
- The Bid shall be summarily rejected if the Earnest Money of the stipulated amount is not accompanied with the Bid. Further, it is to be noted that the EMD shall carry no interest.

### 6.1. Forfeiture of EMD

- i. If Bidder withdraws or modifies Bid during Bid Validity Period.
- ii. For non-submission of Contract Performance Guarantee by the Successful Bidder.

### 6.2. Refund of EMD

- i. The EMD shall be refunded on relevant request of the unqualified / non-selected Bidders after 10 days of expiry of Bid Validity period.
- ii. The EMD of the selected Bidders shall be refunded on request of the Bidders after submission of Contract Performance Guarantee.
- iii. The EMD of all the Bidders shall be refunded in case of cancellation of Bid.

## 7. Contract Performance Guarantee (CPG)

On or prior to the signing of the PPA, the successful Bidder(s) shall submit CPG to NEA as the beneficiary of the amount INR 600,000/MW/Month for the due observance and performance of



the terms and conditions of the PPA (the "**Contract Performance Guarantee**"). The CPG shall be an unconditional and irrevocable, payable on-demand bank guarantee issued by any class A commercial Nepali bank and if issued by a foreign bank, it shall be duly confirmed by a class A commercial bank of Nepal.

The CPG shall be valid for the duration of the PPA. NEA shall be entitled to invoke the CPG:

- a. If Bidder is insolvent, bankrupt, wound up or goes into liquidation; or
- b. If Bidder does not or fails to supply or deliver the contracted power under the PPA for 3 consecutive days, PPA shall be terminated and CPG shall be invoked.

## **8. Bid Submission**

The Bids shall be opened in the presence of representatives of Bidders, who choose to be present. The Financial Bid shall be strictly as per the format prescribed in the Bid Document and shall be unconditional.

## **9. Methodology of Bid Evaluation**

Financial Bid shall be evaluated on the basis of the rate quoted by the Bidders for each month at the Delivery Point (Muzaffarpur Sub-station, Bihar, India) and for each month at the Delivery Point (Tanakpur Sub-station, India). The Bid Ranking shall be prepared for each month and for each Delivery Point on the basis of the price quoted by the Bidders in the Financial Bids. The Bidder, who has quoted the lowest rate shall be L1, the Bidder quoting the second lowest rate shall be L2 and so on for each month and for each Delivery Point.

In case of a tie for any month(s) and for any Delivery Points, the Bidder with higher bid quantum shall be given preference in bid ranking. However, if there is a tie in both the bid price and bid quantum for any month(s) and for any Delivery Points, then the ranking of such Bidders shall be decided by lottery.

The purchase quantum of power for each month and for each Delivery Point shall be allotted to the qualified Bidders as per the bid ranking. The requirement of power shall be first assigned to the Bidder, which has quoted the lowest rate (L1), then if any balance requirement of power is left, it shall be offered to the next Bidders as per the bid ranking at the L2 rate for any month(s) and any Delivery Points. L1 Bidder shall be the Selected Bidder for each month and each Delivery Point. If any balance requirement is left for any month(s) and any Delivery Point after the aforesaid exercise, then the balance power shall be offered at L2 rate to the remaining Bidders as per their Bid ranking and so on.

NEA in its own discretion has the right to reject all / part of Bids or call off or annul the Bid for any month(s) and for any Delivery Points without assigning any reasons whatsoever thereof and without any liability.

## **10. Bid Validity Period**

The offer shall remain valid for a period of 30 days from the date of opening of Part B of the Bid ("**Bid Validity Period**") and the Bidders shall have no right to withdraw the offer or alter any terms and conditions during the period of validity. In case the Bidder withdraws or alters any terms and conditions during the period of validity, EMD submitted by the Bidder shall be forfeited.

NEA will make its best effort to conclude the PPA within the Bid Validity Period. However, should the need



arise, the NEA may request, in writing, all Bidders who submitted a Bid prior to the submission deadline to extend the Bid Validity Period. If the Bidder agrees to extend the Bid Validity Period, it shall be done without any change in the original Bid. The Bidder shall not include any additional conditions against the provisions specified in Bid Document, while extending the Bid Validity Period. The Bidder has the right to refuse to extend the Bid Validity Period, in which case such Bid will not be further evaluated and EMD will be returned to the Bidder.

## **11. Clarification and Amendment of Bid Document**

The Bidder may request a clarification of any part of the Bid Document not later than 14 days prior to the submission deadline. Any request for clarification must be sent in writing, or by standard electronic means, to the NEA's address as indicated on Clause 3. NEA will respond the Bidders through email and will issue the clarification notes in NEA's website. Should the NEA deem it necessary to amend the Bid Document as a result of a clarification, it shall do so following the procedure described below:

- a) At any time before the Bid submission deadline, NEA may amend the Bid Document by issuing an amendment in NEA's website.
- b) If the amendment is substantial, NEA may extend the Bid submission deadline to give the Bidder reasonable time to take an amendment into account in their Bids.
- c) The Bidder may submit a modified Bids or a modification to any part of it at any time prior to the Bid submission deadline. No modifications to the Technical or Financial Proposal shall be accepted after the deadline.

## **12. General Considerations**

In preparing the Bid, the Bidder is expected to examine the Bid Document in detail. Material deficiencies in providing the information requested in the Bid Document may result in rejection of the Bid.

## **13. Cost of Bid Preparation**

The Bidder shall bear all costs associated with the preparation and submission of its Bid, and NEA shall not be responsible or liable for those costs, regardless of the conduct or outcome of the selection process. NEA is not bound to accept any proposal and reserves the right to annul the selection process at any time prior to Contract award, without thereby incurring any liability to the Bidder.

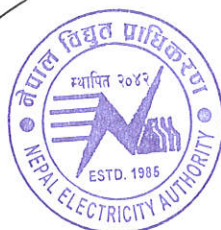
## **14. Only One Bid**

The Bidder shall purchase and submit only one Bid in its own name. Joint Venture and consortium Bids are not permitted.

## **15. Test of Responsiveness**

Prior to evaluation of Bids, the NEA shall determine whether each Bid is responsive to the requirements of the Bid Documents. A Bid shall be considered responsive only if:

- a) it is received as per the formats at Annexures;
- b) it is received by the Bid submission deadline including any extension thereof pursuant to Clause 12;



- c) it is signed, sealed, bound together in an envelope and marked as stipulated in Clause 3;
- d) it is accompanied by the Earnest Money Deposit as specified in Clause 6;
- e) it contains all the information (complete in all respects) as requested in this Bid Document (in formats same as those specified); and
- f) it does not contain any condition or qualification except Bid deviation as specified in Clause 3.1 Part A (v);



## ANNEXURE-I

### General Terms and Conditions

Terms and conditions for the purchase of power by NEA through Open Access from Bidders shall be as under:

#### I. Quantum

NEA invites sealed Bid in the prescribed format for purchase of power on Firm Basis through Open Access as per the details given below:

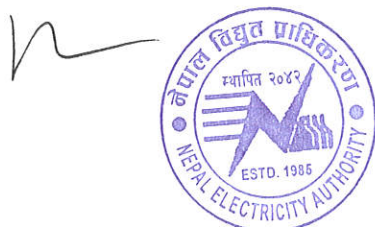
Requisition No.	Month	Duration	Maximum Quantum in MW at Muzaffarpur Sub-Station	Quantum in MW at Tanakpur Sub-Station
1	December	RTC	200	65
2	January	RTC	200	65
3	February	RTC	200	65
4	March	RTC	300	65
5	April	RTC	300	65
6	May	RTC	300	65

- The Bid should be at least for one month on Round the Clock (RTC) basis with minimum of 100 MW of power for Muzaffarpur Sub-Station and with minimum of 65 MW of power for Tankapur Sub-Station. NEA reserves the right to increase the Bid quantum as per its requirement and purchase it at the same rate quoted by the successful Bidder for any month(s) and for any Delivery Point subject to the consent of the Seller.
- No Bid would be accepted for specific days / hours of the month.

#### 2. Delivery Point:

The Power from India shall be delivered at:

- 400 kV bus of Muzaffarpur Sub-Station (Bihar, India) of Muzaffarpur-Dhalkebar 400 kV Transmission Line.



- ii. 132 kV bus of Tankapur Sub-Station (India) of Mahendranagar-Tanakpur 132 kV Transmission line.

As the case may be.

### 3. Transmission / Operation Charges & Losses

- a. The tariff quoted by the Bidder as applicable at Delivery Point is inclusive of all transmission charges, losses, reliability support charges, National/Regional Load Dispatch Center (NLDC/RLDC) charges, application fees upto Delivery Point and trading margin, if any.
- b. All the Open Access Charges and losses beyond Delivery Point shall be on account of NEA.

### 4. Booking of Open Access Transmission / Distribution Corridor / Designated Authority (DA)

The Seller shall be responsible to apply to the Designated Authority (DA) in India for approval and subsequently obtain Open Access from Nodal Agency in India for commencement of supply of power. The relevant required documents for DA application will be provided by NEA. All other associated permissions required to draw power under the Agreement in accordance with the applicable laws including Indian Electricity Grid Code (IEGC) and the CERC / SERCs Open Access Regulations for Booking of Open Access Transmission / Distribution Corridor shall be the responsibility of Seller.

### 5. Scheduling

Seller shall schedule the contracted capacity in full, except in case of transmission constraint. The scheduling & dispatch of power shall be as per the relevant provision of IEGC strictly in accordance with the approved procedure issued by the NLDC for scheduling.

### 6. Timely submission of Bid:

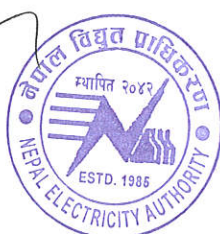
- (a) The Bids shall be opened on the scheduled date & time in the presence of the representatives of the Bidders who choose to be present at the time of opening.
- (b) Telegraphic offers or offers received in the form of telex messages or by cable or fax shall not be entertained and considered under any circumstances.
- (c) NEA shall not be responsible for the postal delay in receipt of the Bids of the Bidders.
- (d) The Bids received after the Bid submission deadline shall not be accepted.

### 7. Tariff:

The interested seller shall quote the rate in INR / kWh at the Delivery Point. The quoted rate should be limited up to two decimal points. The tariff for the contracted power shall be as quoted by the selling utilities in the "Financial Bid" given in Annexure - 3. All other charges such as open access, transmission, wheeling charges, losses & operating charges, and fees of NLDC / RLDCs & SLDCs shall be paid by the respective Parties in terms of Clause 3 (a & b) above.

### 8. Billing

For the power supplied, Seller shall raise weekly bills on a provisional basis, for the period from 1<sup>st</sup> -8<sup>th</sup>, 9<sup>th</sup>-15<sup>th</sup>, 16<sup>th</sup>-23<sup>rd</sup> and 24<sup>th</sup> to end of the month. Provisional Weekly bills will be raised on 9<sup>th</sup>, 16<sup>th</sup>, 24<sup>th</sup> of the current month



& 1<sup>st</sup> of the next month towards supply of energy for any particular month based on energy data released by concerned NLDC / RLDC in their website. The final monthly bill shall be raised by the Seller based on the Energy Accounting Reports issued by Eastern Region Power Committee (ERPC), as the case may be and shall form the basis of final settlements and reconciliations to be undertaken by the Parties and the surplus or shortfall shall be adjusted in the subsequent billing cycle.

## 9. Payment

NEA shall make payment to the seller account through electronic mode within seven (7) days from the date of submission of the weekly energy bills by the seller by e-mail hereinafter referred as "Due Date", In case of default in payment by the Due Date, then the billing amount shall be recovered through Letter of Credit.

## 10. Payment Security Mechanism

The NEA shall provide the weekly revolving Letter of Credit (LC) for an amount equivalent to 18 days of estimated energy billing at the price discovered through Bid as payment security mechanism. The LC shall be established in favor of the seller at least 07 days before the start of the flow of power.

The LC opening, negotiation & all other charges shall be borne by NEA which shall have full authority to adjust any default amount under the agreement by negotiating the LC. The LC shall be established and remain valid up to 45 days beyond the expiry of the contract.

The LC will be used only as a Payment Security Mechanism. In the event payment is not made by the "Due Date", then the seller has the right to realize the payment through LC.

In case of drawl of the LC amount by the Seller as per the terms and conditions of the contract, then the LC amount shall be reinstated not later than **three working days** from such drawl. In case LC is not reinstated in three days, the Seller shall have the right to stop scheduling and terminate the contract.

## 11. Rebate

The Seller shall allow:

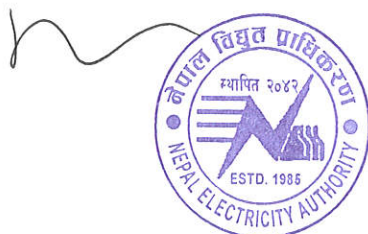
- a. 2% rebate on the total energy bill if the payment is made by NEA within three (3) working days in India from the date of submission of the bill by e-mail.
- b. No rebate on the total energy bill if the payment is made by NEA beyond three working (3) days but within seven working (7) days from the date of submission of the bill by e-mail.
- c. Rebate shall not be applicable on partial payment.

## 12. Surcharge for late Payment

A surcharge of 10% (Ten Percent) per annum for the number of days of delay shall be applied on all payments outstanding after 07 days from the date of submission of the bill by e-mail. This surcharge would be calculated on a day-to-day basis for each day of the delay.

## 13. Liquidated Damages

- I. Both the Parties would ensure that actual scheduling does not deviate by more than 15% of the contracted energy as per the approved open access on monthly basis. If deviation from the NEA side is more than 15% of contracted energy for which, open access has been allocated on monthly basis, NEA shall pay compensation to the Seller at 20% of the Tariff per kWh for the quantum of shortfall in excess of permitted deviation of 15% while continuing



to pay open access charges as per the Contract.

- II. If the deviation from Seller side is more than 15% of contracted energy for which open access has been allocated on monthly basis, Seller shall pay compensation to NEA at 20% of the Tariff per kWh for the quantum of shortfall in excess of permitted deviation of 15% in the energy supplied and pay for the open access charges to the extent not supplied by the Seller.
- III. If the Seller fails to offer the contracted power as per the Agreement with NEA and sells this power without NEA's consent to any other party, NEA shall be entitled to claim damages from the Seller for an amount equal to the higher of: (a) twice the Tariff as per the PPA for the corresponding contracted power; and (b) the entire sale revenue accrued from Third Parties on account of sale of this contracted power. These damages shall be in addition to Liquidated Damages as per Para 6.4 (e) of existing guidelines of India, for failure to supply the contracted Power.
- IV. The Party seeking revision of open access shall be liable to pay Open Access Charges as per CERC Regulations.

#### **14. Force Majeure**

Neither Party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the contract to the extent that such a failure is due to force Majeure events and such Force Majeure event impacts the performance obligation of such Party such as war, rebellion, mutiny, earthquake, landslides, flood, act of God or any other such reasons which are beyond the control of concerned Party, delays in obtaining approval from the Designated Authority after making due submission to DA any legal or regulatory intervention pursuant to a judgment or order of any court of judicial authority in India or Nepal which makes this agreement fully or partially unworkable or which makes the transaction at the contracted rate un-implementable and denial of Open Access by NLDC/ RLDCs/ SLDCs. Any Party claiming the benefit of this clause shall reasonably satisfy the other Party the existence of such an event and give written notice within a period of 7 working (seven) days to the other Party to this effect. Supply / drawl 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. Any restriction imposed by NLDC /RLDC in scheduling of power due to breakdown of Transmission / Grid constraint shall be treated as Force Majeure without any liability on either side.

#### **15. Governing Law**

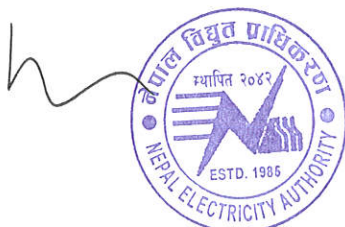
Any dispute or difference, arising under, out of, or in connection with this Bid shall be subject to applicable laws of Nepal.

#### **16. Compliance by the Bidder with Laws**

The Bidder shall comply with the applicable laws of India and Nepal.

#### **17. Arbitration**

The differences or disputes between the Parties arising out of or in connection with this "Bid Document" shall be settled through arbitration with appointment of sole arbitrator by NEA.



The proceeding of the Arbitration shall be in accordance with the Arbitration Act of Nepal, 1999. The venue for arbitration shall be at Kathmandu. The Language of the arbitration shall be in English. Expenses of the arbitration shall be borne by the Parties in equal proportion. The Award of the Arbitrator shall be final and binding upon both the Parties.

#### **18. Change in Law**

In case of change in law of restriction imposed by regulators in India (Central) or Government (Central or State) or Appellate Tribunal or Courts on any aspect of sale or purchase of power, the same shall be binding on both the Parties.

The Draft PPA is enclosed herewith at Annexure-4 to the Bid document and the terms of the same are deemed to be the part of this Bid.

#### **19. Contract Performance Guarantee (CPG):**

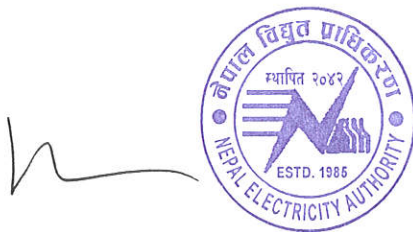
On or prior to the signing of the PPA, the successful Bidder shall submit CPG to NEA as the beneficiary of the amount INR 600,000/MW/Month for the due observance and performance of the terms and conditions of the PPA (the "**Contract Performance Guarantee**"). The CPG shall be an unconditional and irrevocable, payable on-demand bank guarantee issued by any class A commercial Nepali bank and if issued by a foreign bank, it shall be duly confirmed by a class A commercial bank of Nepal.

The CPG shall be valid for the duration of the PPA. NEA shall be entitled to invoke the CPG:

- a) If Bidder is insolvent, bankrupt, wound up or goes into liquidation; or
- b) If Bidder does not or fails to supply or deliver the contracted power under the PPA for 3 consecutive days, PPA shall be terminated and CPG shall be invoked.

#### **20. Address of Contact Person of NEA**

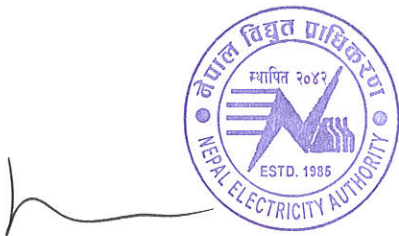
Director  
Power Trade Department  
Nepal Electricity Authority  
Durbar Marg, Kathmandu  
Tel: +977-01-4153110  
Email: powertrade@nea.org.np



## ATTACHMENT TO ANNEXURE-I

### Terms for Letter of Credit

1. The weekly bill/ monthly final bill will be presented in four copies.
2. (a) This LC is irrevocable and shall revolve automatically after negotiation of payment up to a limit of INR \_\_\_\_\_.
- (b) LC will be re-instated within three days of negotiation of the bill.
- (c) LC shall be negotiable at branch of the issuing bank operating at Kathmandu.
3. All Letter of Credit charges i.e., opening, amendment, recoupment, operation, usance, negotiation, remittance etc., shall be borne by the opener.
4. The LC shall remain valid up to 45 days beyond the expiry of the contract.
5. The bill would be paid immediately on presentation to the bank.



(To be given on the official letter of the Bidder)

**Annexure-2**

**BIDDER'S COMPANY DATA:**

- a) Name:
- b) Name of the Contact Person:
- c) E-Mail Address:
- d) Postal Address:
- e) Telephone:
- f) Other Information, if any.

Signature of the Authorized Representative.



(To be given on the official letter of the Bidder)

**Annexure-3**

Director  
Power Trade Department  
Nepal Electricity Authority  
Durbar Marg, Kathmandu  
Tel: +977-01-4153110  
Email: powertrade@nea.org.np

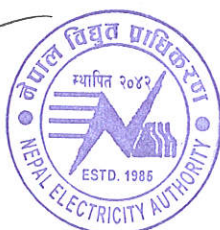
- I. We are submitting our Financial Bid for Delivery Point at 400 kV bus of Muzaffarpur Sub-Station (Bihar, India) as under:

S.N.	Month	Duration	Quantum in MW	Price at Delivery Point (INR/kWh)
1	December	RTC		
2	January	RTC		
3	February	RTC		
4	March	RTC		
5	April	RTC		
6	May	RTC		

Notes:

- Bidder must quote only a single tariff for a specific month in the table above.
- If the Bidder quotes more than a single tariff for a specific month, the Bid shall be rejected.
- However, a Bidder may quote different tariffs for different months in the table above.
- Bidder may quote upto the maximum capacity as indicated in the Annexure I, General Terms and Conditions for any month(s). However, Bidder must not quote any quantum below 100 MW for any month(s) in the table above.
- The tariff quoted by the Bidder as applicable at Delivery Point is inclusive of all transmission charges, losses, reliability support charges, National/Regional Load Dispatch Center (NLDC/RLDC) charges, application fees upto Delivery Point and trading margin, if any.

- II. We are submitting our Financial Bid for Delivery Point at 132 kV bus of Tanakpur Sub-



Station (India) as under:

S.N.	Month	Duration	Quantum in MW	Price at Delivery Point (INR/kWh)
1	December	RTC	65	
2	January	RTC	65	
3	February	RTC	65	
4	March	RTC	65	
5	April	RTC	65	
6	May	RTC	65	

Notes:

- I. Bidder must quote only a single tariff for a specific month in the table above.
- II. If the Bidder quotes more than a single tariff for a specific month, the Bid shall be rejected.
- III. However, a Bidder may quote different tariffs for different months in the table above.
- IV. The tariff quoted by the Bidder as applicable at Delivery Point is inclusive of all transmission charges, losses, reliability support charges, National/Regional Load Dispatch Center (NLDC/RLDC) charges, application fees upto Delivery Point and trading margin, if any.
- V. Bidder(s) must not change the quantum of power mentioned in the table above.

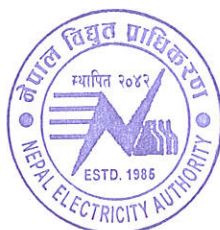
Signature: (Authorized Signatory)

Name:

Designation:

Telephone No:

Email ID:



**Draft Power Purchase Agreement (PPA)**

Nepal Electricity Authority (NEA) is a Government of Nepal (GoN) undertaking established for the purpose of generation, transmission, distribution and import/export of electricity and having its head office at Durbar Marg, Kathmandu, Nepal (hereinafter referred to as "**Buyer**" or "**NEA**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its administration, successors and permitted assigns);

**And**

.....is a company incorporated under the Companies Act, 1956 or 2013 and having its head office at ..... (hereinafter referred to as "**Seller**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its administration, successors and permitted assigns);

Each of Seller and Buyer shall be referred to individually as "Party" or collectively as "Parties" as the case may be.

**WHEREAS**

The Seller is desirous of selling and the Buyer is desirous of buying the power from the Seller at Delivery Point (as defined herein below).

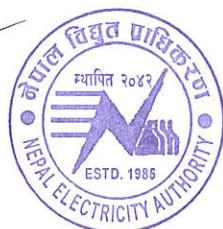
NOW, THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

**1. Scope of Work / Services**

- a. The Buyer is ready to take the contracted quantum upto 365 MW (300 MW for Delivery Point at Muzaffarpur Sub-Station and 65 MW for Delivery Point at Tankapur Sub-Station) Power subject to maximum of approved Open Access (OA) corridor capacity (herein after the present "Contracted Capacity") on 24(twenty-four) hours Round the Clock (RTC) basis, at the Delivery Point in accordance with the terms and conditions contained in this Agreement.
- b. The Seller shall take all necessary actions in India for grant of Open Access to enable it to sell the Contracted Capacity through open access to Buyer.
- c. The Seller shall acquire and maintain all the necessary approvals up to the Delivery Point as are required to supply the contracted capacity to the Buyer.
- d. The Seller shall take necessary approval from Designated Authority (DA) of India as per CBET Procedure issued by competent authority. NEA shall provide all relevant documents to obtain DA approval in a timely manner.

**2. Transmission / Operation Charges & Losses**

- a. The tariff quoted by the Bidder as applicable at Delivery Point is inclusive of all transmission charges, losses, reliability support charges, National/Regional Load Dispatch Center (NLDC/RLDC) charges, application fees upto Delivery Point and trading margin, if any.



- b. All the Open Access Charges and losses beyond Delivery Point shall be on account of NEA.

### 3. Delivery Point

The Power from India shall be delivered at:

- i. 400 kV bus of Muzaffarpur Sub-Station (Bihar, India) of Muzaffarpur-Dhalkebar 400 kV Transmission Line.
- ii. 132 kV bus of Tankapur Sub-Station (India) of Mahendranagar-Tanakpur 132 kV Transmission line.

As the case may be.

### 4. Booking of Open Access Transmission/ Distribution Corridor

The Seller shall be responsible to apply for and be granted all Open Access and associated permissions required to draw power under the Agreement in accordance with the applicable laws including Indian Electricity Grid Code and the CERC/ SERC Open Access Regulations for Booking of Open Access Transmission/ Distribution Corridor.

### 5. Tariff

The tariff for the contracted power is INR ...../ kWh at the Delivery Point as discovered through Bid. It is made clear that all other charges such as Open Access, Transmission, wheeling charges, losses & operating charges and fees of NLDC/RLDCs & SLDCs shall be paid by the respective parties in terms of Clause 2 (a& b) above.

### 6. Scheduling

Buyer shall schedule the Open Access approved Capacity in full, except in case of transmission constraint. The Scheduling & Dispatch of power shall be as per the relevant provision of IEGC and strictly in accordance with the approved procedure issued by the NLDC/ RLDCs/SLDC for scheduling.

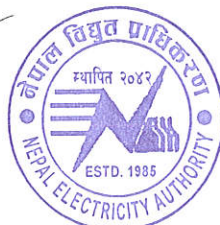
### 7. Monthly Energy Accounting

Energy delivery measurement and accounting to the Buyer will be in accordance with the prevalent norms and procedure of NLDC/RLDC/ SLDC/ Regional Power Committee ("RPC").

The measures of the total Energy supplied to buyer at delivery point during a month shall be based on the Regional Energy Account (REA) issued by the concerned RPC and shall be on the basis of final settlements, reconciliation and/or adjustments of energy accounting for the month.

### 8. Billing

For the power supplied, the Seller shall raise weekly bills on provisional basis, for the period from 1<sup>st</sup> -8<sup>th</sup>, 9<sup>th</sup>-15<sup>th</sup>, 16<sup>th</sup>-23<sup>rd</sup> and 24<sup>th</sup> to end of the month. Provisional Weekly bills will be raised on 9<sup>th</sup>, 16<sup>th</sup>, 24<sup>th</sup> of the current month & 1<sup>st</sup> of the next month towards supply of energy for any particular month based on energy data released by concerned RLDC in their website. The final monthly bill shall be raised by the Seller based on the Energy Accounting Reports issued by Eastern Region Power Committee (ERPC), as the case may be and shall form the basis of final settlements and reconciliations to be undertaken by the parties and the surplus or shortfall shall be adjusted in the subsequent billing cycle.



## 9. Payment

NEA shall make payment to the seller account through Electronic mode within seven working (7) days from the date of submission of the Weekly energy bills by the Seller by E-mail hereinafter referred as "Due Date", In case of default in payment by the Due Date then the billing amount shall be recovered through letter of Credit.

## 10. Rebate

The Seller shall allow:

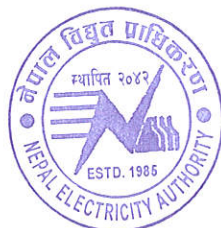
- a. 2% rebate on the total energy bill if the payment is made by NEA within three (3) working days in India from the date of submission of the bill by e-mail.
- b. No rebate on the total energy bill if the payment is made by NEA beyond three working (3) days but within seven working (7) days from the date of submission of the bill by e-mail.
- c. Rebate shall not be applicable on partial payment.

## 11. Surcharge for Late Payment

A surcharge of 10% (Ten Percent) per annum for the number of days of delay shall be applied on all payments outstanding after 07 working days in Nepal from the date of submission of the bill by e-mail. This surcharge would be calculated on a day-to-day basis for each day of the delay.

## 12. Liquidated Damages

- a. Both the Parties would ensure that actual scheduling does not deviate by more than 15% of the contracted energy as per the approved open access on monthly basis. If deviation from the NEA side is more than 15% of contracted energy for which, open access has been allocated on monthly basis, NEA shall pay compensation to the Seller at 20% of the Tariff per kWh for the quantum of shortfall in excess of permitted deviation of 15% while continuing to pay open access charges as per the Contract.
- b. If the deviation from Seller side is more than 15% of contracted energy for which open access has been allocated on monthly basis, Seller shall pay compensation to NEA at 20% of the Tariff per kWh for the quantum of shortfall in excess of permitted deviation of 15% in the energy supplied and pay for the open access charges to the extent not supplied by the Seller.
- c. If the Seller fails to offer the contracted power as per the Agreement with NEA and sells this power without NEA's consent to any other party, NEA shall be entitled to claim damages from the Seller for an amount equal to the higher of: (a) twice the Tariff as per the PPA for the corresponding contracted power; and (b) the entire sale revenue accrued from Third Parties on account of sale of this contracted power. These damages shall be in addition to Liquidated Damages as per Para 6.4 (e) of existing guidelines of India, for failure to supply the contracted Power.
- d. The Party seeking revision of open access shall be liable to pay Open Access Charges as per



### 13. Payment Security Mechanism (PSM)

The Buyer shall provide the weekly revolving Letter of Credit (LC) for an amount equivalent to 18 days of estimated energy billing at price discovered through Bid as payment security mechanism. The LC shall be established in favor of the Seller at least 07 days before the start of the flow of power.

The LC opening, negotiation & all other charges shall be borne by NEA and the Seller shall have full authority to adjust any default amount under the agreement by negotiating the LC.

The LC shall be established and remain valid up to 45 days beyond the expiry of the contract.

The LC will be used only as a standby mechanism. The LC will be used only as a Payment Security Mechanism. In the event payment is not made by the "Due Date", then the Seller has the right to realize the payment through Letter of Credit.

In case of drawl of the LC amount by the Seller as per the terms and conditions of the PPA, then the LC amount shall be reinstated automatically not later than three days from such drawl. In case LC is not reinstated in three days, the Seller shall have the right to stop scheduling and terminate the PPA.

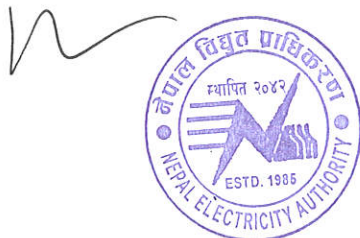
The terms and conditions for the LC are given as attachment to Annexure-I

### 14. Force Majeure

Neither Party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the contract to the extent that such a failure is due to force Majeure events and such Force Majeure event impacts the performance obligation of such Party such as war, rebellion, mutiny, earthquake, landslides, flood, act of God or any other such reasons which are beyond the control of concerned Party, delays in obtaining approval from the Designated Authority after making due submission to DA any legal or regulatory intervention pursuant to a judgment or order of any court of judicial authority in India or Nepal which makes this agreement fully or partially unworkable or which makes the transaction at the contracted rate un-implementable and denial of Open Access by NLDC/ RLDCs/ SLDCs. Any Party claiming the benefit of this clause shall reasonably satisfy the other Party the existence of such an event and give written notice within a period of 7 working (seven) days to the other Party to this effect. Supply / drawl 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. Any restriction imposed by NLDC /RLDC in scheduling of power due to breakdown of Transmission / Grid constraint shall be treated as Force Majeure without any liability on either side.

### 15. Governing Law and Compliance by the Bidder with Laws

The Bidder shall comply with the laws of Nepal and India. This PPA and any dispute or claim arising out of or in connection with this PPA or its subject matter, existence, validity, termination, interpretation or enforceability shall be governed by and construed in accordance with the laws of Nepal.



## 16. Notices

All Notices required to be issued hereunder shall be delivered personally, by registered/Speed post or certified mail or fax, or e-mail (upon successful transmission thereof) to the following address.

Director  
Power Trade Department  
Nepal Electricity Authority  
Durbar Marg, Kathmandu  
Tel: +977-01-4153110  
Email: powertrade@nea.org.np

### For (Seller)

.....

.....

## 17. Arbitration

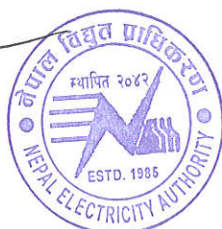
The differences or disputes between the Parties arising out of or in connection with this "Bid Document" shall be settled through arbitration with appointment of sole arbitrator by NEA. The proceeding of the Arbitration shall be in accordance with the Arbitration Act of Nepal, 1999. The venue for arbitration shall be at Kathmandu. The Language of the arbitration shall be in English. Expenses of the arbitration shall be borne by the Parties in equal proportion. The Award of the Arbitrator shall be final and binding upon both the Parties.

## 18. Change in Law

In case of change in law of restriction imposed by regulators in India (Central) or Government (Central or State) or Appellate Tribunal or Courts on any aspect of sale or purchase of power, the same shall be binding on both the Parties.

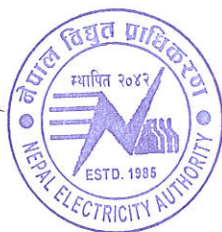
## 19. Performance Security

On or prior to the signing of the PPA, the successful Bidder shall submit CPG to NEA as the beneficiary of the amount INR 600,000/MW/Month for the due observance and performance of the terms and conditions of the PPA (the "**Contract Performance Guarantee**"). The CPG shall be an unconditional and irrevocable, payable on-demand bank guarantee issued by any class A commercial Nepali bank and if issued by a foreign bank, it shall be duly confirmed by a class A commercial bank of Nepal.



The CPG shall be valid for the duration of the PPA. NEA shall be entitled to invoke the CPG:

- If Bidder is insolvent, bankrupt, wound up or goes into liquidation; or
- If Bidder does not or fails to supply or deliver the contracted power under the PPA for 3 consecutive days, PPA shall be terminated and CPG shall be invoked.



For Buyer	For Seller
Name / Designation:	Name / Designation:
Witnessed by:	Witnessed by:

