

## **FRANCHISEE AGREEMENT**

**(Only for those Developers who have fully developed the Electrical Infrastructure at their own cost and also who undertake to develop additional infrastructure in future)**

**Between MSEDCL and Designated Franchisee (Name of the Township/ IT Park / CIDCO / SEZ / MIDC, etc.) pursuant to MERC order dated 24.05.10 in Case no.62 of 2009 and dated 1.06.2010 in Case No. 75 of 2007**

This Franchisee Agreement through MOU is made and entered into this -----day of-----of month-----of year at Mumbai by and between:

**Maharashtra State Electricity Distribution Company Limited**, hereinafter referred to as “MSEDCL” (which expression shall unless repugnant to the context thereof, include its administrators, successors and permitted assigns), a company constituted under the Companies Act, 1956 by the government of Maharashtra, having its registered office at Prakashgad, Plot No.G-9, Dr. Anant Kanekar Marg, Bandra (East) Mumbai 400051.

**AND**

----- (**Designated Franchisee**), hereinafter referred to as the “Distribution Franchisee” (Which expression unless repugnant to the context or meaning thereof shall include its successors and permitted assigns) a company/Society registered under the Appropriate Act, having its registered office at -----. Each individually known as a “Party” and together as “Parties”.

### **WHEREAS:**

1. MSEDCL is a Company formed under the Government of Maharashtra General Resolution No. ELA – 1003/P.K. 8588/Bhag-2/Urja-5 Dated January 24, 2005 with effect from 6<sup>th</sup> June 2005, according to the provisions envisaged in the Electricity Act 2003. It has been registered under the provisions of the Indian Companies Act, 1956, with Registrar of Companies, Mumbai on 31<sup>st</sup> May 2005.

2. MSEDCL is a Distribution Licensee under the provisions of the Electricity Act, 2003 (the “Act”) having license to supply electricity in the State of Maharashtra , except in the specific licensed areas of Mumbai and Mulapravara.
3. ----- (Franchisee) is the Developer of the -----Township/ Industrial area, IT Park, etc. who has undertaken the development of Distribution Infrastructure as required under the -----Policy issued by -----vide notification no.----- dated -----
4. The developer of area has submitted a proposal to MSEDCL, to become a Distribution Franchisee of MSEDCL.

This Agreement is made at -----On the day----- of the month-----of the year----- between MSEDCL (hereinafter called the Company) of the one part &----- for becoming Franchisee (hereinafter called as Distribution Franchisee) through M.O.U route.

Following general terms & conditions shall be applicable.

#### **I. General Conditions:-**

1. MSEDCL shall provide power supply at HV/EHV level as a single point/multiple points at mutually agreed *injection* point/points.  
Franchisee should develop and maintain an efficient, Co-ordinated & economical distribution system in his area of supply and to supply electricity. The complete cost of the infrastructure to be borne by the said Franchisee. All the provisions as per the Electricity Act, 2003 and as per Indian Electricity Rules, 1956 as amended from time to time are to be observed by Distribution Franchisee while developing and maintaining the infrastructure.
2. The power supply shall be made available by MSEDCL to the Franchisee area as per the existing load shedding protocol of the concerned area as per approval of Maharashtra Electricity Regulatory Commission(hereinafter called as “MERC”) & shall also be governed in future as per the directives of MERC.
- 3 Franchisee will have to make its own arrangement for Stand by Power to supply to the consumers for the period of Load Shedding if he wants 24\*7 days continuous supply.

MSEDCL will assist the Franchisee on best possible efforts basis and on such conditions including payment of reliability charges as may be approved by MERC.

4. The Distribution Franchisee may purchase power from any Generator/ any Licensee/any other source directly under the following conditions only if alternative arrangement is practically possible & any captive generation will be allowed only after approval of MSEDCL:

- a. planned preventative maintenance by MSEDCL
- b. accidental break downs due to forces beyond control of MSEDCL,
- c. for mitigating the load shedding.

5. Extra Cost of power paid to avoid load shedding will be recovered through reliability charges from the consumers as per the approval of MERC and the same will be reflected in the bill separately. The responsibility and accountability of the same will be with Franchisee & MSEDCL will not be responsible in any way for this power procurement / distribution . MSEDCL being the licensee will assist Distribution Franchisee to approach MERC for approval of the reliability charges.

The responsibility of mitigating load shedding will be solely of Distribution Franchisee.

6. Meters if already installed by Franchisee, should be replaced as per specifications approved by MSEDCL by better / higher quality, standard/specifications meters. This replacement cost will be borne by the Franchisee. In case the installed meters are as per the approved specifications / norms of MSEDCL, the same may not be replaced.

7. Franchisee should keep updated billing records, including the existing and the prospective consumers into the billing data base as per MSEDCL'S requirements and should be provided monthly or as and when required to The Nodal Officer of the specified office and for the concerned IT Section.

MIS Function – Franchisee should generate periodic information and monitor reports in prescribed formats and communicate the same to the IT Centre MSEDCL.

8. Distribution Franchisee should be vigilant for activities such as collection of bills and proper categorization of the consumer's as this affects the revenue of MSEDCL. Any discrepancies same should be informed to the Nodal Officer for further action. At all times, MSEDCL should be given access to enter/check unauthorized extensions etc. in the distribution franchisee area. Franchisee should detect unauthorized consumption and should report the same to licensee. For all legal and practical purposes the consumers in Franchisee area are the consumers of MSEDCL and hence MSEDCL at all times will have overriding powers, when it comes to billing, applicability of norms (MERC supply code & SOP), consumer grievances etc.
9. All provisions of Supply Code/SOP/MERC Regulations are applicable to Distribution Franchisee except section 126,135 and 138 of the Electricity Act 2003 wherein MSEDCL will be authorized to take such necessary action as per the provisions of the Act.

For overall monitoring and day to day co-ordination activities, the concerned S.E. would be the Nodal Officer. In case of any penalties levied on MSEDCL by the Competent Authority / Forum, etc. for non-compliance of the provisions of Regulations /Act, the same shall be passed on to the Franchisee. Such penalties shall be recovered from the O&M charges payable to the Franchisee.

10. Franchisee is responsible for the distribution system within his area of operation to meet the standards that may be prescribed by Regulatory Commissions/ Electricity Act 2003 and also as may be decided by MSEDCL.
11. Distribution Franchisee should provide new connection as per norms of MSEDCL after collection of SD, NSC charges etc. and submit reports as prescribed by IT for new service connection.
12. Franchisee will be responsible for the Universal Service Obligation in his area of operation.

13. The average of Three Days revenue should be evaluated at the end of each month and the Distribution Franchisee will provide and maintain Bank Guarantee (BG)/ Letter of credit accordingly as Performance Guarantee.

## **II. Financial Conditions:-**

14. Franchisee shall be monitored by MSEDCL for the losses in the Distribution system and the losses beyond 8% will not be allowed and the same will be required to be made good at the Average cost of supply and the same will be recovered from the monthly payments to the Distribution Franchisee.

**Franchisee should take efforts to reduce losses and increase collection efficiency.**

15. Distribution Franchisee will also take up the work:

- A) Regarding collection of meter reading/ photo meter reading or any other mechanism devised for taking readings and providing same to MSEDCL for preparation of bills.
- B) Distribution Franchisee shall arrange for distribution of bills prepared by MSEDCL.
- C) Collection of money from all consumers on behalf of MSEDCL.
- D) The Franchisee should transfer the money collected from the consumer on the same day/next working day in the bank account operated controlled by MSEDCL. All the payments will be collected by Franchisee on behalf of MSEDCL and Franchisee is not allowed to recover any bills in their own name.
- E) For the activities numerated above,
  - 1) Franchisee will be paid Rs 5/- Per consumer for LT having mere KWH meter

- 2) Franchisee will be paid Rs **50/-** Per consumer for consumer's having MD base tariff and an additional Rs. **5/-** for distribution and collection of bills.
- 3) Franchisee will be paid Rs **50/-** Per consumer for consumer's having HT Consumer's. and an additional Rs. **5/-** for distribution and collection of bills..

16. MSEDCL shall pay the franchisee for the Operation & Maintenance of network as under:

A) For, IT& IT Parks and others

It will be **7.5 %** of normative revenue collected excluding add-ons such as FAC, ED etc.

B) For Township

It will be **7.5 %** of normative revenue collected excluding add-ons such as FAC, ED etc.

17. The power supply at single point or multi points will be released under DDF (Dedicated Distribution Facility).

### **Other Conditions:**

### **18. Event of Default & Termination: (Financial / Non Financial)**

The occurrence and continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by MSEDCL its substantial obligations under this agreement, shall constitute a Distribution Franchisee event of default.

#### **Financial:**

- 1) Failure on account of Distribution Franchisee to make payments as

stipulated in this agreement.

- 2) Failure to maintain a performance guarantee as per agreement.
- 3) The Distribution Franchisee is declared insolvent or bankrupt.
- 4) Sale of energy meant for the Franchisee area to any party outside the Franchisee area.

**Non financial:**

- 1) Failure to submit in time the information report
- 2) The Distribution Franchisee has unlawfully repudiated this agreement  
or has otherwise expressed an intention not to be bound by this Agreement.
- 3) Any representation or warranty made by the Distribution Franchisee during the term of the agreement is found to be false and misleading.
- 4) Failure to submit Periodic Performance Report (Billing and collection report, updation of Assets, Register on monthly basis, Energy Audit report) to MSEDCL after a stabilization period of two months from effective date.
  1. Reporting inconsistencies in energy / revenue accounting.
  2. Persistent non-compliance of regulations of MERC
    - a) Maharashtra Electricity Regulatory Commission (Electricity Supply Code and other Conditions of Supply) Regulations 2005
    - b) Maharashtra Electricity Regulatory Commission (Standard of performance of Distribution licensees, period for giving supply and

determination of compensation) Regulations 2005.

- c) In case of Distribution Franchisee's event of Default, the MSEDCL is entitled to issue 10 days clear Notice for termination of agreement.

**19. Amicable Settlement:**

For any dispute, Director (Operations); MSEDCL, Director (Finance) MSEDCL will be authorized to resolve the disputes & their decision will be final and binding on the Franchisee.

**20. Governing Law & Dispute Resolution:**

Any dispute arising out of compliance / non-compliance of this agreement shall be subjected to jurisdiction of Courts in Mumbai.

**21. Steps in case of Event of Default after serving of Final Termination Notice.**

- i) MSEDCL or its designate(s) shall be entitled to immediately enter any and / or all of the site(s) and operate the Distribution System and collect revenues due from consumers.
- ii) MSEDCL shall have right to invoke the Bank Guarantee / Letter of Credit furnished by the Distribution Franchisee and to recover all its dues and outstanding amounts.

**22.** This Franchisee arrangement will be valid for a period of one year from the date of signing and will be subject to approval of MERC.

**23.** Notices: All notices to be given under this Agreement shall be in writing and in English or Marathi language.



IN WITNESS WHEREOF the Parties have executed these presents through their authorized representatives at Mumbai

For and on behalf of

For and on behalf

[M/s Maharashtra State Electricity  
Distribution Company Limited]

[M/s. -----]

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Signature with seal

Signature with seal

Witness:

Witness:

1.

1.

2.

2.