

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION
COMPANY LTD.**



**Request for Proposal for Appointment of
Distribution Franchisee
in**

**Malegaon Corporation Area
under
Malegaon Circle.**

**Bid Specification No. : - SE/DF/02/2018-19
(2018-19)**

Issued by
Superintending Engineer (Distribution Franchise)
Maharashtra State Electricity Distribution Company Ltd.
Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra E ,
Mumbai -51.

**Bid specification for Appointment of Distribution Franchisee for
Malegaon Corporation Area under Malegaon Circle**

This bid document, containing **Request for Proposal** "RFP" along with Exhibits/
Annexures as per index is issued to -

M/s. _____

Notes/ Disclaimer:

1. This document is not transferable.
2. Though adequate care has been taken while preparing and issuing the RFP, the Bidder should satisfy himself that documents are complete in all respects. The bidder is further requested to apply his/her own means to verify all data. MSEDCL shall provide all possible help on request from bidder, to enable the bidder to have access of data at either corporate office or field office. It is also to mention that, no request will be entertained once the bid is submitted by the bidder.
3. Intimation of any discrepancy shall be given to this office immediately. If no intimation is received by this office from any Bidder, it shall be considered that the issued document is complete in all respects has been received by the Bidder.
4. Neither MSEDCL, nor its employees, advisors accept any liability or responsibility for the accuracy or completeness of, nor make any representation or warranty, express, or implied, with respect to the information contained in the RFP, or on which the RFP is based, or any other information or representations supplied or made in connection with the Selection Process.
5. The RFP is not intended to provide the basis of any investment decision and each prospective Bidder must make its own independent assessment in respect of the Project. No person has been authorised by MSEDCL to give any information or to make any representation not contained in the RFP.
6. Nothing in the RFP should be relied on, as a promise or representation as to the future.
7. MSEDCL or its authorised officers reserve the right, without prior notice, to change the procedure for the identification of the Selected Bidder or terminate discussions and the delivery of information at any time before the signing of any agreement for the Project without assigning reasons thereof.

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8. Neither MSEDCL nor its employees shall have any liability to any prospective Bidder or any other person under law, equity or contract, or otherwise for any alleged loss, expense or damage which may arise from or be incurred or suffered in connection with anything contained in the RFP, any matter deemed to form part of the RFP, the award of the Project, the project information and any other information supplied by or on behalf of MSEDCL or their employees, or otherwise arising in any way from the selection process for the Project.
 9. MSEDCL reserves the right to change, modify, add to or alter the Selection Process including inclusion of additional evaluation criteria.
 10. MSEDCL reserves the right to change, modify or alter any or all the provisions of this document. Such a change would be intimated to all parties procuring this document.
 11. MSEDCL reserves the right to reject any or all of the Bids submitted in response to the RFP at any stage without assigning any reasons what so ever. MSEDCL also reserves the right to reject any bid that it deems as unreasonable and impracticable.
 12. MSEDCL has taken due care and diligence in providing the information in the RFP and the data room to allow bidders to make an informed decision. However, bidders are expected to exercise their own judgment and conduct due diligence on the same. MSEDCL shall not be held responsible for errors or omissions therein.

Confidentiality:

The parties agree that this RFP document is not confidential.

Issued By:

Superintending Engineer (Distribution Franchise)

Maharashtra State Electricity Distribution Company Ltd.

Place: Mumbai

INDEX

1. Definitions and Abbreviations	6
2. Introduction	13
3. Project Description	23
4. Selection Process	27
5. Evaluation	29
6. Instructions to Bidders	35
7. Formats for Submission of Bids	43
8. Exhibit 1: Covering Letter for Technical Proposal	45
9. Exhibit 2: Description of the Bidding Company	47
10. Exhibit 3: Information Requirement for Technical Proposal	48
11. Exhibit 4: Covering Letter for Financial Proposal	50
12. Exhibit 5: Format for Financial Proposal	52
13. Exhibit 6: Format of Power of Attorney	54
14. Exhibit 7: Certificate of Bidding Above Benchmark Input Rate	56
15. Exhibit 8: Chartered Accountant's Certificate	58
16. Exhibit 9 A: Bid Bond format	62
Exhibit 9B: Bank Guarantee against EMD	64
17. Exhibit 10: Certificate For Operational Distribution Franchisee	66
 Annexure A:- Table of Content of DFA	 67
Annexure B: Model Distribution Franchise Agreement	68
Annexure C: Minimum Benchmark Input Rate of MSEDCL	190
Annexure D: Format for Clarifications/ Amendments on The RFP	191
Annexure E:- Format regarding Acceptance of Model DFA	192

List of Tables

<i>Sr. No.</i>	<i>Item</i>	<i>Particulars</i>	<i>Pg. No.</i>
1	Table 1	Organization Structure of the Franchise Area	14
2	Table 2	Distribution Infrastructure Summary for the Franchise Area	15
3	Table 3	Details of EHV/HV Substations of the Franchise Area (I/P Points)	15
4	Table 4	Details of Distribution Loss and Collection Efficiency of the Franchise Area	16
5	Table 5	Energy and Revenue data of Overall Franchise area	16
6	Table 6	Summary Wise Information of Overall Franchise area	17
7	Table 7	Category wise breakup of the consumers and connected load of designated DF Area.	17& 18
8	Table 8	Arrears of Permanently Disconnected and Current Live Consumers	18 &19
9	Table 9	Details of Ongoing Projects	19
10	Table 10	Details of MSEDCL offices in proposed Distribution franchise area	20

1. DEFINITIONS AND ABBREVIATIONS

Definitions

Act

Shall mean the Indian Electricity Act 2003.

Affiliate

Shall mean in relation to any party, a person that controls, is controlled by or is under the common control with such party. As used in this definition the term "Control" means, with respect to a person that is a corporation, the ownership, directly or indirectly, of more than 50% of the voting securities of such person, and, with respect to a person that is not a corporation, the power to direct the management or policies of such person, whether by operations of law, contract, or otherwise.

Aggregate Technical and Commercial Losses (ATC Losses)

Shall mean the sum of technical losses, commercial losses and shortage due to non realization of total billed demand for HT/ LT energy.

$$ATC\ Losses = \frac{\{Total\ energy\ input\ (MUs) - Energy\ Realised\ (MUs)\}}{Total\ energy\ Input\ (MUs)}$$

Where, Energy Realised is the sale of energy (MUs) multiplied by Collection Efficiency.

Average Billing Rate (ABR)

Average billing rate of the designated Distribution Franchise area calculated by dividing the billed revenue arrived by including all components that forms part of the revenue as per the tariff order for the period for all categories put together with the total billed units for the designated Distribution Franchise area for all categories.

Revenue for this purpose shall include all those components which are billed against the units consumed to consumers and on collection, it is retained as revenue of the Distribution Franchisee/ or Licensee, e.g. Energy charges, Fixed /or Demand charges, Fuel and Other Cost Adjustment Charges (FOCA), Regulatory Liability Charges (RLC), Power Factor (PF) Penalty/ Incentive and shall exclude all components which are billed to consumers and remitted to Government/ Other agencies e.g. Electricity duty (ED), Tax on Sale of Electricity (TOSE) etc. The unit of ABR is Rs. / Kwh. The same shall be computed as:-

$$ABR = \frac{\{(Total Demand + Subsidy) - (ED + TOSE + Any other taxes payable to Govt.)\}}{Total Billed Units}$$

N.B:- All components in numerator are to be measured in rupees

Average Revenue Realization (ARR)

Shall mean the total revenue collected per unit energy supplied by MSEDCL at Input Points on annualised basis. Average Revenue Realisation of the designated Distribution Franchise area calculated by dividing the revenue collected, arrived by including all components that forms part of the revenue as per MERC tariff order for the period for all categories put together with the total input units for the designated Distribution Franchise area for all categories. Revenue for this purpose shall include all those components which are collected against the units consumed to consumers and on collection, it is retained as revenue for the Distribution Franchisee/ or Licensee and shall exclude all components, which are remitted to the Government/ other agencies. The unit of ARR will be Rs. /Kwh. The same shall be computed as:-

$$ARR = \frac{(Total Revenue Collected - ED - TOSE - Any other taxes payable to Govt. + Total Subsidy Amount)}{Total Energy Input}$$

Base Year

Shall mean the period from April 1, 2016 to March 31, 2017.

Bid

Shall mean the Technical Proposal and Financial Proposal submitted in response to the RFP issued by MSEDCL.

Bidder

Shall mean the Bidding Company.

Bid Bond

Shall mean a written guaranty from a third party guarantor (usually a bank or an insurance company) submitted to MSEDCL by the successful bidder.

Bidding Company

Shall mean single corporate entity bidding for the Project.

Bidding Consortium

Shall mean a group of two or more corporate entities bidding for the Project.

Distribution Assets

Shall mean all the assets employed by Distribution Licensee/ Distribution Franchisee in the Franchise Area for distribution of electricity.

Distribution Franchisee/ Franchisee

Shall mean the Successful Bidding Company appointed by MSEDCL to act as an agent of MSEDCL to purchase electricity from MSEDCL and distribute in the designated Franchise Area.

Distribution Franchise Agreement “DFA”

Shall mean the agreement to be entered into by the successful bidder and MSEDCL. The Franchise Agreement shall be an agreement for the sale of power by the Licensee to the Distribution Franchisee, for further retail distribution to consumers on behalf of Licensee. However, the Distribution Franchisee shall have right to use the existing distribution network within the designated Distribution Franchise area. The equity of distribution assets shall not be transferred to the appointed Distribution Franchisee. Under this agreement, franchisor does not render any service to the franchisee.

Distribution Licensee

Shall mean the Maharashtra State Electricity Distribution Company Limited “MSEDCL”.

Distribution Losses

Shall mean the difference between energy supplied at the Input Points and Energy Billed to Consumers in percentage terms for a particular period and shall be computed as below:

$$\text{Dist.Loss (\%)} = \frac{(\text{Energy Intake at Input Points in Kwh} - \text{Energy Billed to consumers in kwh}) \times 100}{\text{Energy intake at Input Points in Kwh}}$$

Effective Date

Shall mean the date of handing over of the business operations of Franchise Area by MSEDCL to the Distribution Franchisee pursuant to the “Distribution Franchise Agreement” after the conditions precedent is satisfied. Such date shall not be later than 91 Days (Ninety One) calendar days from the date of signing of the DFA.

Expiry Date

Shall mean the Twentieth anniversary of the Effective date.

Financial Proposal

Shall mean the proposal of the Bidder setting out the Input Rate year wise for all twenty (20) years against energy injected by MSEDCL at the Inputs Points of the designated Franchise Area (i.e. EHV/ HV Level), and other details as set out in Clause 5.3 of this Document.

Franchise Area

Shall mean the area as mentioned in Clause 2 of the RFP in respect of which Distribution Franchisee shall act as an agent of MSEDCL.

Input Point

Shall mean EHV/HV Substations and feeders as specified in Clause 2.3.2 and shall include such other EHV/HV substations or feeders, which may feed energy to the Franchise Area at the Effective date or any time during the term of Agreement.

Input Rate

Shall mean Rupees per unit of electricity supplied by MSEDCL at the Input Point, and shall be quoted by the Bidder year wise, which should be over and above the given Benchmark rate /or Annualized Input Rate (AIR) for respective year. The highest offer by the selected bidder shall be considered as Input Rate /or Benchmark Rate /or Annualized Input Rate (AIR) and the same shall be used for all future commercial transaction. It is measured in Rs. / Kwh.

Letter of Intent

Documentary evidence indicating the award of the Distribution Franchise to the Selected Bidder for acceptance.

Parties

Shall mean a reference to selected Bidder and MSEDCL collectively and “Party” shall mean an individual reference to either one of them.

Prudent Utility Practices

Shall mean the practices, methods and standards that are generally accepted nationally from time to time by electric utilities for the purpose of ensuring safe, efficient distribution of electricity, operations and maintenance of Distribution Assets, billing and collection of distributed power etc.

Project

Shall mean the purchase and distribution of electricity and related activities in the Franchise Area as a Distribution Franchisee of MSEDCL in accordance with the requirements set forth in the RFP.

Pass on charges

Shall mean the pass on charges of other stake holders like GENCO, TRANSCO, GOM, GOI which are approved by regulator. This component shall not be the part of ABR. It shall be accounted separately by Distribution Franchisee and the same shall be remitted to MSEDCL on charged basis as specified in Article 7 and Article 10.

Request for Proposal “RFP” Document

Shall mean this document, issued to the Bidders seeking Technical and Financial Proposals and the confirmation of acceptance of model DFA.

Technical Proposal

Shall mean the proposal of the Bidder setting out details as set forth in Clause 5.2 of this Document.

The words used in this document shall carry the same meaning as defined herein. Any word or phrase not defined here shall carry the meaning as is usually connoted in trade parlance or as is defined under the prevalent electricity laws.

Abbreviations

ACSR	:	Aluminium Conductor Steel Reinforced
AMR	:	Automatic Meter Reading
BPL	:	Below Poverty Level
CP	:	Corporate Planning
CPF	:	Contributory Provident Fund
CRORE (Cr)	:	Number equivalent to 10 million or 100 lakhs
D/B	:	Distribution Box
DFA	:	Distribution Franchise Agreement
EHV	:	Extra High Voltage
EMD	:	Earnest Money Deposit
EoI	:	Expression of Interest
FA	:	Franchise Area
FY	:	Financial Year
GoI	:	Government of India
GoM	:	Government of Maharashtra
HP	:	Horse Power
HT	:	High Tension
IST	:	Indian Standard Time
IT	:	Information Technology
KM	:	Kilometer
KPI	:	Key Performance Indicator
Kv	:	Kilo Volt
LAKH	:	Number equivalent to hundred thousand
LoI	:	Letter of Intent
LT	:	Low Tension

MCB	:	Miniature Circuit Breaker
MERC	:	Maharashtra Electricity Regulatory Commission
MOU	:	Memorandum of Understanding
MSEB	:	Maharashtra State Electricity Board
MSEDCL		Maharashtra State Electricity Distribution Company Limited
MUs	:	Million Units
MW	:	Mega Watt
O/A	:	Over all
O & M		Operations & Maintenance
PD	:	Permanently Disconnected
PC		Pass on Charges
RFP	:	Request for Proposal
Rs.	:	Indian Rupees
SCC	:	Service Connection Charge
SD	:	Security Deposit
SLC	:	Service Line Charge
SOP	:	Standard of Performance
STU	:	State Transmission Utility
T&D	:	Transmission & Distribution
T/F	:	Transformer

2. INTRODUCTION

2.1 The Electricity Act 2003

- 2.1.1 Pursuant to Section 14 of the Electricity Act 2003 (hereinafter referred to as the “Electricity Act”) the Government of Maharashtra by a Notification dated 4th June 2005, (Ref no. Reform 1005/CR 9061/NRG-5) formulated a Transfer Scheme where under Maharashtra State Electricity Board (MSEB) was trifurcated into separate generation, transmission, distribution companies. As per the Transfer Scheme, the Maharashtra State Electricity Distribution Company Limited (MSEDCL) was designated as the Distribution Licensee.
- 2.1.2 MSEDCL, in an endeavour to improve operational efficiencies and quality of services provided to its consumers, seeks to bring in management expertise through public-private participation, in the distribution of electricity.

2.2 Relevant provision of the Electricity Act

- 2.2.1 The Electricity Act has opened new avenues for bringing in private participation in the distribution sector.

The proviso 5 to Section 14 of the Electricity Act states that:

“...the Government company or company referred to in sub-section (2) of section 131 of this Act and the company or companies created in pursuance of the Acts specified in the Schedule, shall be deemed to be a licensee under this Act:”

The proviso 7 to Section 14 of the Electricity Act states that:

“...in a case where a distribution licensee proposes to undertake distribution of electricity for a specified area within his area of supply through another person, that person shall not be required to obtain any separate license from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply”

- 2.2.2 Accordingly, a person who undertakes the distribution of electricity for a specified area on behalf of the Distribution Licensee will not be required to obtain any separate license from the concerned State Commission.

2.3 Brief description about the Franchise Area

2.3.1 The Franchise Area shall be the distribution area of Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle as identified by MSEDCL. This is spread over approximately 25 square kilometers. The geographical location of the Franchise Area is shown in the picture below:



2.3.2 The EHV / HV substations / feeders of the Franchise Area as mentioned in Table 3 shall form the Input Points for injection of electricity in the designated Distribution Franchise Area. A brief description of the existing distribution network in the Franchise Area is given herewith. MSEDCL has compiled the technical and revenue information regarding the Franchise Area with best efforts. Interested parties are requested to verify the data independently. MSEDCL shall provide all possible help on request from bidders, to enable them to have access of data at either corporate office or field office. It is also to mention that, no request of data verification will be entertained once the bid is submitted by the bidder. MSEDCL shall not be held responsible for errors or omissions therein.

TABLE 1:- Organisation Structure of Franchise Area

Zone	Circle	Division	Area	Sub-Divisions/Villages
Nasik	Malegaon	Malegaon UCR	Malegaon Corporation Area	Malegaon Urban I
				Malegaon Urban II
				Malegaon Urban III
				5 Villages namely Daregaon, Mhaladhe, Bhaygaon , Dyane , and Sayne BK of Malegaon Rural Sub-Division

The distribution infrastructure summary is given below:

TABLE 2:- Distribution Infrastructure Summary for Franchise Area

Particulars	Unit	Malegaon Corporation
33 kV Substations	Nos.	15
33 kV Feeders Total	Nos.	14
11 kV Feeders Total	Nos.	59
11 kV Express Feeders	Nos.	5
33 kV Lines		
Over head Line	Km	96.2
Under Ground	Km	0
Total	Km	96.2
11 kV Lines		
Over head Line	Km	395.2
Under Ground	Km	1.5
Total	Km	396.7
LT Lines		
Over head Line	Km	1190.7
Under Ground	Km	0
Total	Km	1190.7
Poles		
33 kV	Nos.	1510
11 kV	Nos.	7026
LT	Nos.	22020
Total	Nos.	30556
Dist. Transformer Center		
11KV/433 V DTC	Nos.	2071

TABLE 3: Details of EHV/HV Substations of the Franchise Area (Input Points)

As on 31st Mar 2017		Malegaon Corporation			
Sr. No	Source	No. Of feeders			
		132 kV	33 kV	11 kV	Total
1	132Kv Soyegaon	0	7	7	14
2	220Kv Dabhadi	0	3	0	3
3	220Kv Sayane	0	2	0	2
	Total	0	12	7	19

The schematic diagram of the input feeders of the Franchise Area is attached in Article 4.4.2 of Distribution Franchisee Agreement.

The distribution loss and collection efficiency level of the franchise area is given below

TABLE 4: Details of Distribution Losses and Collection Efficiency of the Malegaon Corporation Area

Distribution Loss %		2013-14	2014-15	2015-16	2016-17
Malegaon Corporation	HT+LT	47.19	46.51	43.75	44.76
Coll. Efficiency (%)		2013-14	2014-15	2015-16	2016-17
Malegaon Corporation	HT+LT	99.46	97.17	95.73	99.03

Historical data related to energy input at Input Point and revenue billed (metered sale) revenue collected (inclusive of arrears) is given herewith.

TABLE 5: Energy and Revenue data of overall designated DF area

Base Year 2016-17		Malegaon Corporation			
Year		2013-14	2014-15	2015-16	2016-17
Energy Received (Mus)	HT	13.16	15.68	18.80	19.01
	LT	855.85	921.43	893.01	880.63
	Total	869.01	937.11	911.81	899.635
Energy Billed (Mus)	HT	13.02	15.41	18.26	18.72
	LT	445.90	485.81	494.65	478.23
	Total	458.92	501.22	512.90	496.95
Demand including Subsidy (Cr.)	HT	9.58	11.50	15.01	14.71
	LT	288.81	355.82	346.23	307.20
	Total	298.39	367.32	361.24	321.91
Collection including Subsidy (Cr.)	HT	9.28	11.42	14.82	14.48
	LT	287.50	345.49	331.00	304.31
	Total	296.78	356.91	345.82	318.79
Subsidy (Cr.)	Total	105.20	140.25	118.42	110.38

** Revenue billed and Revenue Collection from consumers is inclusive of all Taxes, duties and other charges*

The Base Year (2016-17) Average	ABR
In Rs. Kwh	6.0205

N.B.- The Audited figure of Base Year (2016-17) ABR is Rs. 6.0205 per unit and the same shall be fixed for 20 years for tariff indexation purpose. The bidder is requested to verify the data at his/ her own end before submission of bids. MSSEDCL shall not be held responsible for errors or omissions therein.

Information on Energy, demand and collection for the Franchise Area is submitted below:

TABLE 6: Information of designated DF area for Input, Demand etc.

Base Year 2016-17		Malegaon Corporation			
Total (HT plus LT)	Unit	2013-14	2014-15	2015-16	2016-17
Input	Mus	869.01	937.11	911.81	899.635
Sale	Mus	458.92	501.22	512.90	496.95
Distribution Losses	%	47.19	46.51	43.75	44.76
Demand including Subsidy	Rs. Cr.	298.39	367.32	361.24	321.91
Collection including Subsidy	Rs. Cr.	296.78	356.91	345.82	318.79
Coll. Efficiency	%	99.46	97.17	95.73	99.03

The proposed Franchise Area has 99597 consumers as on March 31, 2017.
Category wise breakup of the consumers and connected load is given underneath:

TABLE 7: Category wise breakup of consumers and connected load of DF area:-

As on 31st Mar 2017	Malegaon Corporation Area		
CATEGORY	No. of Consumers	Connected Load in kw	Connected Load in HP
HT-INDUSTRIAL	11	7793.00	0.00
HT-COMMERCIAL	4	999.00	0.00
HT-PWW	4		4752.50
HT-PUBLIC SER.-GOVT	1	209.00	0.00
HT Total	20	9001.00	4752.50

LT-BPL DOMESTIC	28	2.90	0.00
LT-DOMESTIC	77171	36246.35	0.00
LT-COMMERCIAL	7643	9608.47	0.00
LT-INDUSTRIAL	1423	0.00	25246.05
LT-POWERLOOM	12214	0.00	179642.73
HORDING AND ADVT.	1	0.32	0.00
LT-PWW (RURAL)	16	0.00	125.62
LT-AG (METERED)	311	0.00	1502.65
LT-AG (UN-METERED)	211	0.00	1130.45
LT-POULTRY/HIGHTECH	15	112.50	0.00
ST.LIGHT	275	1656.66	0.00
TEMP. CONNECTIONS	1	15.00	0.00
LT-PUBLIC SER.-OTHER	268	1361.18	0.00
LT Total	99577	49003.38	207647.49
Total	99597	58004.38	212399.99

TABLE 8: a) Arrears of Permanently Disconnected consumers

<i>As on 31st Mar.17</i>	Malegaon Corporation	
CATEGORY	No. of consumers	Arrears (Rs.)
HT-INDUSTRIAL	7	997169
HT-COMMERCIAL	0	0
HT-TEMPORARY SUPPLY	0	1
HT Total	7	997170
LT-BPL DOMESTIC	28	49779
LT-DOMESTIC	17248	259531320
LT-COMMERCIAL	4542	69705097
LT-INDUSTRIAL	909	53961123
LT-POWERLOOM	3473	222751923
LT-PWW (RURAL)	02	611094.84
LT-AG (METERED)	264	5181426.07
LT-AG (UN-METERED)	113	9155877.4
LT-POULTRY/HIGHTECH	9	80469.53
ST.LIGHT	0	-27.5
TEMP. CONNECTIONS	19	-48317.84
LT-PUBLIC SER.-OTHER	21	1430827.52
LT Total	26628	622410592
Total	26635	623407763

TABLE 8: b) Arrears of Live Consumers

<i>As on 31st Mar.17</i>	Malegaon Corporation	
CATEGORY	No. of consumers	Arrears (Rs)
HT-INDUSTRIAL	11	72054
HT-COMMERCIAL	1	207
HT Total	12	72261
LT-BPL DOMESTIC	25	22769
LT-DOMESTIC	35527	100826070
LT-COMMERCIAL	3108	13166230
LT-INDUSTRIAL	967	10646078
LT-POWERLOOM	7965	150882009
LT-PWW (RURAL)	14	306788
LT-AG (METERED)	264	9766670
LT-AG (UN-METERED)	211	17634991
LT-POULTRY/HIGHTECH	15	260347
ST.LIGHT	131	749590
LT-PUBLIC SER.-OTHER	109	2462593
LT Total	48336	306724135
Total	48348	306796396

TABLE 9: Details of Ongoing Projects...Status as on 30th Sep 2018

Description of project in Malegaon Corporation	Scheme Name	Sanctioned Cost of total project (Lakhs)	Approximate cost for the Area (Lakhs)	Brief scope of work	Name of Agency	Detailed status upto 30th Sept. 18
Malegaon Town	IPDS I	1692.75	397.36	substation-1, 33 KV line-0.24Km, Aug of 33 KV line-8 Km,11KV line-8 km,	ADCC Infocad Ltd	Substation is WIP 33 KV line and 11 KV line is WIP, Augmentation of 33KV-1.5 Km completed.

	IPDS II	1375.33	951.78	11 KV line 20.8 Km, DTC 100 KVA-21 nos, 200KVA-36nos., Aug 200-315KVA-30 nos., ABC- 50 Km, 10 Km UG 11KV, 60Kwe solar panels	ST Electricals	9-100KVA DTC 9-200KVA DTC 1 augmentation completed, 11Km ABC, UG work not started yet
Daregaon, Mhalde, Bhaygaon, Dayne and Sayne of Malegaon Rural Subdivision	IPDS-I	1692.75	1295.39	Substation-3, 33 KV line- 7.26Km, Add Power Trf. 10 MVA-1 no., 11KV line-11 km,	ADCC Infocad Ltd	One substation (Textile) commissioned, one Substation (Mhada) WIP, one substation land not handed over yet, Add PTF commissioned, 33 KV line-4Km completed, 11 KV line-4 Km completed.
	IPDS-II	1375.33	423.55	11 KV line- 15.5Km, DTC 100 KVA-09 nos, 200KVA-14nos., Aug 200-315KVA-20 nos., ABC- 25 Km,	ST Electricals	2-100KVA DTC completed, 1-200KVA DTC completed, 1.1Km ABC completed,
	DDUGJY-I	289.77	nil	nil	Shriniwas Electricals	NIL
	DDUGJY-II	384.78	2.5	61 nos. of BPL Connections at these villages and 2.8 Km LT 1p2w	ST Electricals	work not started yet

TABLE 10 : Details of MSEDCL Offices in proposed Distribution Franchisee area

Sr. No	Name of S/sd	Address of S/dn	Name of Section	Address of Section	Own/Rent Basis
1	USD I	Old power house premises, near bus stand, Malegaon 423203	Housing Colony Sec.	Old power house premises, near bus stand, Malegaon 423203	Own
			Kusumbe Road Sec.	Old power house premises, near bus stand, Malegaon 423204	Own
			Mominpura Sec.	Old power house premises, near bus stand, Malegaon 423205	Own
			Owadi Road	Old power house premises, near bus stand, Malegaon 423206	Own
			Old Power House Section Malegaon	Old power house premises, near bus stand, Malegaon 423207	Own
2	USD II	Moti Bhavan, indayat mala, camp Malegaon 423203	Deepak Talkies Sec.	Moti Bhavan, indayat mala, camp Malegaon 423203	Rental
			Sangmeshwar Section	Moti Bhavan, indayat mala, camp Malegaon 423203	Rental
			Malegaon Camp Sec.	133 KV soygaon sub station premises, soygaon 423203	Own
			Satana Naka Sec.	132 KV soygaon sub station premises, soygaon 423203	Own
3	USD III	Old power house premises, near bus stand, malegaon 423203	Goldennagar Sec.	Golden nagar Sub station	Own
			Rounakabad-I	Azad nagar sub station	Own
			Rounakabad II	Azad nagar sub station	Own
			Shabbir Nagar	Azad nagar sub station	Own
			Golden Nagar II Section	Golden nagar Sub station	Own
			Killa Sec.	Old power house premises, near bus stand, Malegaon 423203	Own
			Nawapura Sec.	Old power house premises, near bus stand, Malegaon 423203	Own
			Rasulpura Sec.	Old power house premises, near bus stand, Malegaon 423203	Own
4	RSD		Sayane Sec.	Sayne Sub station	Own
			Chandanpuri Sec.	Malade Sub - station	Own
			Dyane Sec	Dyane Sub station	Own
			Dyane Sec	Ayesha Nagar Sub station	Own

2.4 Objectives of the Project

2.4.1 MSEDCL's objectives of appointing a Distribution Franchisee in the Franchise Area are:-

- 2.4.1.1 To minimize aggregate Distribution and Commercial losses
- 2.4.1.2 To bring improvement in Metering, Billing and Revenue collection.
- 2.4.1.3 Reduction of Arrears
- 2.4.1.4 To enhance customer satisfaction level by improving quality of service
- 2.4.1.5 To achieve the effective demand side energy management

The selection of interested parties shall be through a transparent bidding process.

3. PROJECT DESCRIPTION

3.1 Salient Features of the Project

- 3.1.1 The project encompasses all the activities relating to purchase and distribution of power to the existing/ future consumers in the Distribution Franchise Area, maintenance of the Distribution Assets and all related activities subject to the terms and conditions as stipulated from time to time by MSEDCL, MERC and Governments.

3.2 Brief Roles and Responsibilities of Distribution Franchisee

- 3.2.1 Undertaking all the liabilities and obligations of the Distribution Licensee in the Franchise Area as stipulated in Electricity Act, 2003 and corresponding regulations.
- 3.2.2 Discharging all duties and responsibilities on behalf of MSEDCL as per the terms and conditions of the License, the status accorded by the statutory regulation by proviso 5 of section 14 of Electricity Act 2003.
- 3.2.3 Undertaking any other activity as may be notified from time to time by MERC/ Govt. to Distribution Licensee.
- 3.2.4 Complying with all the directives issued from time to time by MERC, MSEDCL and GoM / GoI.
- 3.2.5 Undertaking the distribution and supply of power to the consumers of MSEDCL in the designated Distribution Franchise Area.
- 3.2.6 Undertaking all Operations and Maintenance related activities in the designated Distribution Franchise Area.
- 3.2.7 Maintaining the existing distribution network and replacing failed Power/distribution transformers and defective meters within the prescribed time frame as per MERC SOP/ directive as amended from time to time, including repair of the same.
- 3.2.8 Administering and maintaining the ongoing contracts, if required by Distribution Franchisee, entered into by MSEDCL. Alternatively, Distribution Franchisee may cancel the ongoing contract as per the terms and conditions of the contracts entered into by MSEDCL, with the exception of contracts for capital expenditure.
- 3.2.9 If there is delay or in case the contractor abandons the ongoing project, then MSEDCL shall not be responsible for such act and no compensation

shall be allowed to Distribution Franchisee what so ever circumstances may be.

- 3.2.10 Undertaking reading of meters, generating bills, distribution of the same and payment collection from the consumers in the Franchise Area, as per the retail tariff structure determined by MERC from time to time and abiding by the Conditions of Supply laid down under the license conditions thereof.
- 3.2.11 Making payments to MSEDCL as per the terms and conditions of the Distribution Franchise Agreement.
- 3.2.12 Collection of MSEDCL's outstanding arrears as an agent of MSEDCL, and remittance of the same as per the terms and conditions of the DFA.
- 3.2.13 Establishing a Consumer Service Centre (CSC) as per MSEDCL's specifications for handling all type of consumer complaints.
- 3.2.14 Preliminary Redressal of Commercial Complaints such as those relating to security deposit, change of load category, interest, arrears, penalty, etc. and Billing Complaints in accordance with MERC regulations. The Distribution Franchisee has to setup the IGRC (Internal Grievance Redressal Cell) as per MERC (Consumer Grievance Redressal Forum and Electricity Ombudsman) regulations 2006 and Subsection 5 of Section 42 of Electricity Act 2003.
- 3.2.15 Allotting new connections and carrying out all necessary activities for release of the same as per prevailing MSEDCL circulars / SOP.
- 3.2.16 Maintaining consumer database and billing records as per the format prescribed by MSEDCL and same should be communicated to MSEDCL on monthly basis or as and when required.
- 3.2.17 Generating Management Information System (MIS) reports monthly and monitoring reports in prescribed formats and online communication of the same to MSEDCL.
- 3.2.18 Installing metering devices and carrying out energy audit on monthly basis.
- 3.2.19 Carrying out periodical demand estimation / load forecasting and apprising the same to MSEDCL.
- 3.2.20 Maintaining rolling stock of transformers and other necessary material as per the norms prescribed by MSEDCL.

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- 3.2.21 Upgrading, renovating and maintaining the existing distribution network/ systems/ assets as per Prudent Utility Practices and the standards that may be prescribed by MERC.
- 3.2.22 Initiating necessary action, in accordance with the Electricity Act, to prevent the theft of power, tampering with energy meters and damaging public lamps, theft of electric lines and material etc. including the proceedings under Section 126, 135, 138 and 152 of the Electricity Act 2003.
- 3.2.23 Supplying electricity to all categories of consumers in the Franchise Area including HT/ LT and temporary connections.
- 3.2.24 If there is any dedicated feeder of MSEDCL meant for other than designated Distribution Franchisee's area and passing over (as flyover) DF's area, shall not be tapped or draw energy by DF. Such feeders can be identified by the joint audit team while fulfilling the conditions precedent. In a very special situation if tapping of such feeder becomes necessary then prior approval of MSEDCL is mandatory. Then such point will be treated as input point and necessary metering shall be provided as applicable to input point metering.
- 3.2.25 DF has to carry out Load Shedding as per the directives issued by MERC.

3.3 Support to be given by MSEDCL

- 3.3.1 MSEDCL shall supply the power at Input Points as per its aggregated power supply and load shedding schedule planned periodically, based on directives issued by MERC on load shedding and availability of EHV transmission capacity at Input Points.
- 3.3.2 MSEDCL shall communicate to DF any shortfall or inability to supply the scheduled power requirements of the DF.
- 3.3.3 MSEDCL shall carry out the meter reading jointly with DF on a weekly basis at input points of the Franchise Area.

3.4 Term of Franchise

The term of the Distribution Franchise Agreement shall be for a period of twenty (20) years from the Effective Date which is extendable to a further period of 10 year on the basis of performance.

3.5 Distribution Franchise Agreement “DFA”

- 3.5.1 An agreement to be entered into by the successful bidder and MSEDCL. The Franchise Agreement shall be an agreement for the sale of power by the Licensee to the Distribution Franchisee, for further retail distribution to consumers on behalf of Licensee. However, the Distribution Franchisee shall have right to use the existing distribution network within the designated Distribution Franchise area. The equity of distribution assets shall not be transferred to the appointed Distribution Franchisee. Under this agreement, franchisor does not render any service to the franchise. The model DFA has been annexed herewith and marked as Annexure B. However, MSEDCL reserves the right to make any changes to the Agreement in Annexure B before the DFA is signed by the Parties. In case of any contradictions, the DFA shall override the RFP.
- 3.5.2. The bidder must submit accepted model DFA, including all annexures signed and stamped on all pages. No negotiations on the same shall be allowed, once such an accepted DFA is submitted.

4. SELECTION PROCESS

4.1 Bidding Process

4.1.1 The bidding process would mainly consist of the following stages:

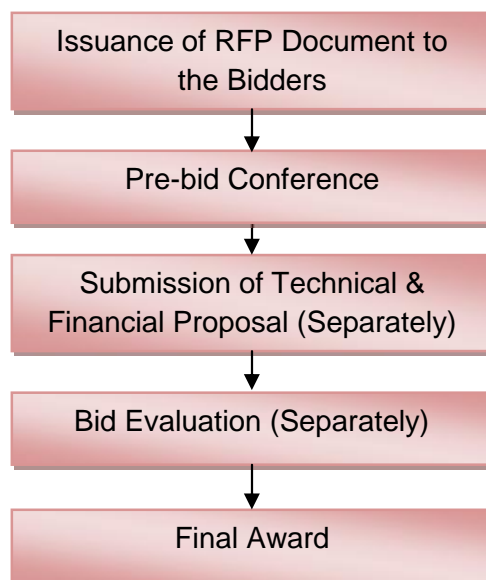
4.1.1.1 Issuance of RFP document through e-tendering

4.1.1.2 Pre- Bid Conference

4.1.1.3 Submission of the Technical and Financial Proposal through e-tendering

4.1.1.4 Bid Evaluation and Award of Contract to successful bidder

4.1.2 A diagrammatic representation of the bidding process is as shown below;



4.1.3 MSEDCL shall upload the RFP document on MSEDCL e-tendering website. Interested bidders shall download the document on payment of requisite tender purchase fee in accordance with clause 6.4 of this document. The bidding process shall be deemed to commence from the date & time of issue of the RFP document. The purpose of this RFP is to provide Bidders with information regarding the proposed franchise arrangement in order to assist them in formulation of their Bids.

4.1.4 A Pre-Bid Conference will be held by MSEDCL on the date as indicated in the Time Table as per Clause 6.5. The purpose of which shall be to address the concerns of the bidders with respect to RFP.

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- 4.1.5 The bidders shall upload Technical and Financial Proposals completed in all aspects, and with digital signature by authorized person (i.e. Attorney as per Exhibit 6) and stamped on each page of model DFA as confirmation of acceptance, in response to the RFP document on the date as indicated in the Time Table mentioned in Clause 6.5 or promulgated by MSEDCL.
- 4.1.6 As a part of the selection process, Technical Proposal submitted by interested Bidders in response to RFP, shall be evaluated based on the methodology and evaluation criteria as detailed in the RFP. The Bidders shall upload their Technical and Financial Proposal in the formats placed as Exhibits 1 to 10. (Excluding Exhibit 9) Financial Proposal of Technically qualified bidders shall be evaluated based on the methodology and evaluation criteria as detailed in this bid document. The information required to be provided by the Bidders submitting their Financial Proposal is placed as Exhibits 4 and 5 of this document.
- 4.1.7 The final award of the Project shall be made by MSEDCL to the Bidder short-listed as successful bidder, after evaluation of the Financial Proposal. Letter of Intent (LoI) shall be issued to the Successful bidder accordingly.
- 4.1.8 In the event of two or more Bidders found equal after evaluation of Financial Proposal, then MSEDCL reserves the right to select and declare any of such Bidders as the selected Bidder or take any such measure as may be deemed fit in its sole discretion including annulment of the bidding process.
- 4.1.9 The selected Bidder shall be issued the Letter of Intent (LoI) by MSEDCL, which must be accepted by the Selected Bidder within 03 calendar days from the date of issue of LoI. The selected bidder shall submit acceptance of LoI in writing alongwith the format placed at Exhibit 9 of this document. The validity of the Bid Bond should be up to one hundred and eighty (180) days from the date of acceptance of LoI.

5.EVALUATION

5.1 Responsiveness

5.1.1 The bids submitted by Bidders shall be initially examined to establish “Responsiveness”. A Bid shall be deemed “Non-Responsive” if it does not satisfy any of the following mandatory conditions:

- 5.1.1.1 It is not received by the due date and time specified in the RFP. MSEDCL does not take any responsibility for online submission of the required documents by the due date and time.
- 5.1.1.2 It does not include sufficient information for it to be evaluated and/ or it does not comply strictly with the formats specified. The Bidders should upload their Technical Proposal in the formats placed as Exhibits 1 to 3, Exhibits 6 to 8, Exhibit 10 and Financial Proposal in the formats placed as Exhibits 4 and 5 of this document.
- 5.1.1.3 It is not signed in the manner and to the extent indicated in this RFP.
- 5.1.1.4 It is not accompanied by the purchase fee receipt / transaction number generated / photocopy for Rs. 25,000/- (Rupees Twenty Five Thousand) for tender document.
- 5.1.1.5 It is not accompanied by a valid Earnest Money Deposit of Rs. 2, 00,00,000/- (Rupees Two Crores).
- 5.1.1.6 The bidder seeks deviations on the DFA.
- 5.1.1.7 It is not accompanied by the model DFA signed by the authorized person (i.e. Power of Attorney as per Exhibit 6) and accepted by the bidder.
- 5.1.1.8 If the bid is not accompanied by a preliminary infrastructure roll-out plan stating the minimum Capital investments to be carried out in the Franchise Area over a period of first five years from the effective date along with bid document.
- 5.1.1.9 If the bid is not accompanied by the Information requirement as laid down in Exhibit 3 (Qualification Requirement) of the RFP.
- 5.1.1.10 If the response does not contain the applicable Notarized Power of Attorney as laid down in Exhibit 6 of the RFP.
- 5.1.1.11 If the bid is not accompanied by a Certificate of Bidding above Benchmark Input Rate as laid down in Exhibit 7 of the RFP.
- 5.1.1.12 If the bid is not accompanied by a Chartered Accountant’s Certificate as laid down in Exhibit 8 of the RFP certifying that the bidding company satisfies all the qualification criteria as required in the RFP.

5.1.1.13 If the validity of the bid is less than six months from the last date of submission of the bids.

5.1.1.14 If the bid is not accompanied by a Certificate as laid down in Exhibit 10 of the RFP, from the MSEDCL's Engineer In charge of concerned DF area, in case the bidder is the operational Distribution franchisee of MSEDCL.

N.B.:- All the above mentioned conditions are essential and mandatory conditions and non compliance of any of these conditions shall make the bid null and void. The bidder is requested to exercise utmost care prior to submission of bid.

5.2 Technical Proposal

The objective of Technical Proposal evaluation is to select Bidders with:

- 5.2.1 The experience and track record to undertake the distribution of electricity and related activities in the Franchise Area.
- 5.2.2 The financial capability to undertake O&M and other required expenditure to perform its obligation under DFA.
- 5.2.3 The ability to implement the proposed infrastructure roll-out plan of the Bidder for the Franchisee Tenure.
- 5.2.4 Technical Proposal would be evaluated based on Experience and Financial capabilities of the Bidders on following parameters:

Sr.No.	Parameter
1.	Experience
2.	Financial capability

5.2.5 Experience

The Bidding Company shall be evaluated on the following qualification criteria:

The Bidder Company has to qualify for the following:

5.2.5.1 A) Experience in handling consumers

The Bidder Company should have a minimum 5 (five) years of experience of distribution of electricity, serving at least 2 Lakhs of consumers. However, any existing electricity Distribution Licensee as per provision of Electricity Act 2003 operating in India may participate in the tender process irrespective of the no. of consumers served. Electricity distribution sector experience is defined in clause 5.2.13 of the RFP

B) Experience in employee handling

The Bidder Company should have a minimum 5 (five) years of experience in employing and managing a workforce of more than 500 (Five hundred) employees working for electricity distribution. For this purpose, the employees should be engaged with the bidder company on a full time basis, whether on the pay roll of the company or on contract basis.

5.2.5.2 For Operational Distribution Franchisee of Utility

The existing operational Distribution Franchisee of Utility must have no outstanding dues excluding current payable invoice and disputed amount if any. A certificate of no outstanding dues of Utility except as mentioned above have to be submitted along with the bid as per Exhibit 10 of RFP.

5.2.6 Financial Capability Criteria

This parameter evaluates the capability of the Bidder Company to manage finances required to run the operations and to make necessary capital investments to perform its obligations and commitment under DFA. In this regard, the Bidder shall be evaluated on the basis of latest consolidated audited financial account statements for two years from FY 2015-16 to FY 2016-17 as follows:

a) Net worth

Net worth as on March 31, 2016 /2017 should be at least Rs.160.Cr (Rs One Hundred Sixty Crores)

Net worth is defined as Paid up Equity Share Capital plus Equity Share Premium plus General Reserves and other free reserves plus credit balance in profit and loss account less Accumulated losses less intangible assets less Miscellaneous expenditure to the extent not written off.

Intangible assets are identifiable non-monetary assets, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. Net worth excludes statutory reserves and revaluation reserves.

b) Cash Accruals

Average Cash Accruals, (defined as the sum of Profit after Tax plus depreciation) in the last two years (i.e. FY 2015-16 & FY 2016-17), should be at least Rs. 80 Cr (Rs Eighty Crores)

c) Annual Turnover

Average annual turnover in the last two years (i.e. FY 2015-16 and FY 2016-17) should be at least Rs. 500 Cr.(Rs Five hundred Crores).

Turnover is defined as the gross inflow of cash, receivables or other consideration, including taxes and duties, arising in the course of the ordinary activities of the bidder from the sale of goods or from the rendering of services. Turnover does not include income from dividend, interest, royalty, capital gains, rent provided they do not arise in the course of the ordinary activities of the bidder. Turnover excludes non-recurring income and inters divisional sales. In an agency relationship, the revenue is the amount of commission and not the gross inflow of cash, receivables or other consideration.

- 5.2.7 The Bidder must satisfy all the above-mentioned criteria to be qualified for evaluation of Financial Proposal.
- 5.2.8 For evaluation of Bids submitted by Bidding Company under the financial capability criteria, only the credentials of the Bidding Company shall be considered.
- 5.2.9 For evaluation of Bids submitted by Bidding Company under the experience and track record criteria, only the credentials of the Bidding Company shall be considered.
- 5.2.10 The experience for a particular project can be claimed by only one of the Bidding Company.
- 5.2.11 The bid must be accompanied by a Chartered Accountant's Certificate as laid down in Exhibit 8 of the RFP certifying that the bidding company satisfies all the qualification criteria as required in the RFP.
- 5.2.12 Any suggestions or conditions for change in the DFA submitted as part of the bid may be construed as deviations from the DFA and may result in non-responsiveness.
- 5.2.13 The term distribution of electricity is understood as the business of operation and maintenance of a Distribution System for supplying electricity to consumers. For the purposes of bid evaluation, experience of all the following activities of electricity business be considered as distribution sector experience:
- a. Meter reading services.
 - b. Billing and Collection services.

-
- c. Repair and Maintenance of distribution lines, substations, electrical switchgears and facilities.
 - d. Construction and erection of distribution lines and facilities
 - e. Other service(s) that are essential for the conveyance of electricity

MSEDCL shall use its judgment as regards what constitutes relevant distribution sector experience and such decision shall be final and binding on all parties.

5.3 Financial Proposal

- 5.3.1 The Bidders are required to bid for Annualized Input Rates (AIR) for power injected by MSEDCL at Input Points in the Franchise Area for the entire term of DFA. The bidders are required to submit a detailed Financial Proposal as per Exhibits 4 and Exhibit 5.
- 5.3.2 Bidders may assess their own loss level reduction target for the entire period of engagement (i.e. 20 years).
- 5.3.3 The Annualised Input Rate(AIR), as quoted by the Bidders shall be exclusive of Electricity Duty (ED), Tax on Sale of Electricity (ToSE), Municipal Taxes (MT) and any other taxes/levies/duties that have been levied by the State Government. The bidders are allowed to quote annualised input rate over and above the minimum benchmark input rate specified for each of the year by the MSEDCL in Exhibit 5. The rates in Exhibit 5 shall be quoted upto 4 decimal places.
- 5.3.4 MSEDCL, based on its assessment of improvements of various network parameters, has projected annual internal benchmarks for revenue per unit energy input for the duration of the Franchise Agreement in Annexure C. These projections would serve as a benchmark to evaluate the Financial Proposals. If any proposals fail to meet these benchmarks in any of the year (s) or at the overall level for the Franchisee period, MSEDCL reserves the right to reject the proposal without assigning reasons what so ever. MSEDCL also reserves the right to reject any bid that it deems as unreasonable and impracticable.
- 5.3.5 The Evaluation of Financial Proposals submitted by the Bidders, shall be carried out on Net Present Value (NPV) basis, computed at a discount rate of 9%. The Bidder with the highest value shall be selected for awarding the Project.
- 5.3.6 The Bidder short-listed after evaluation as stated in Clause 5.3.4 and 5.3.5 above will be selected for awarding the Project.
- 5.3.7 Any conditional Financial Proposal may be liable for rejection. Any financial proposal that MSEDCL deems as unreasonable and impracticable may also be liable for rejection

- 5.3.8 a) A bid must be submitted by a Bidding company in its individual capacity only, without relying on the credentials of promoters or affiliates. Bids cannot be submitted through Special Purpose Vehicles (SPV) or Bidding Consortiums.

b) Formation of Special Purpose Vehicle (SPV)

The Selected Bidder may form a Special Purpose Vehicle (SPV) in the form of a company to be incorporated under Indian Companies Act 2013 provided the following conditions are fulfilled

- (i) For the first five years 100% equity of parent company
- (ii) After five years not less than 76% equity of parent company
- (iii) In case of Non performance/critical default leading to termination, whole liability will be of the parent company

The DFA shall be executed between the Bidding company (parent) company and MSEDCL.

- 5.3.9 The Franchisee shall bear the variations in estimated capital expenditure as its business risk and no adjustment shall be made for the same.
- 5.3.10 Input rate shall not be adjusted for any purpose what so ever. The Bidders are expected to take into account relevant business risks while quoting the input rates.
- 5.3.11 The submission of signed and accepted model DFA is required along with the bid submission. The articles relating to Infrastructure Roll-out plan are subject to the approval of MERC.

6. INSTRUCTIONS TO BIDDERS

6.1 The Bidders shall submit the Technical and Financial Proposals online through e-tendering and also submit hard copies of documents mentioned in Clause 6.2.2.

6.2 Submission of Technical Proposal

6.2.1 The Technical Proposal organized in a manner as specified in Exhibits 1 to 3 and Exhibits 6 to 8 and Exhibit 10 should be uploaded.

6.2.2 In addition of clause 6.2.1, Bidder has to submit Demand Draft / Bank Guarantee of Rs 2 Crores (Rs. Two Crores Only) against EMD, Original Power of Attorney (Exhibit 6), Chartered Accountant's Certificate (Exhibit 8), Audited Annual Reports for last two financial years and Certificate from operational Distribution Franchisee (Exhibit 10) to the office of Superintending Engineer (DF), 4th Floor, Prakashgad, MSEDCL, Bandra (E), Mumbai 51 on or before the date & time of submission of bid.

6.3 Submission of Financial Proposal

The Financial Proposal organized in a manner as specified in Exhibits 4 and 5 should be uploaded.

6.4 Fees and Deposits

6.4.1 Fees for purchase of Tender Document

6.4.1.1 The Bidder shall pay MSEDCL a non-refundable amount of Rs 25,000/- (Rs. Twenty five thousand) plus applicable taxes towards purchase of tender document, online only.

6.4.1.2 A scan copy of the tender document purchase fee receipt (e-receipt / transaction number) generated on the computer after successful transaction) shall be uploaded along with the Technical Proposal.

6.4.1.3 Bids, which are not accompanied by the above fee receipt / transaction number generated, shall be rejected by MSEDCL as non-responsive.

6.4.1.4 The Bidder shall be responsible for all the costs associated with the preparation of the proposal and participation in discussions and negotiations. MSEDCL shall not be responsible in any way for such costs, regardless of the conduct or outcome of this process.

6.4.2 Earnest Money Deposit (EMD)

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- 6.4.2.1 Each Bidder shall submit an Earnest Money Deposit (EMD) of an amount Rs. 2,00,00,000/ (Rs. Two Crores) in the form of a Demand Draft or Bank Guarantee drawn on a Nationalized Public Sector Bank or ICICI bank, IDBI bank, Axis bank, HDFC bank in favor of the “Maharashtra State Electricity Distribution Company Limited”, payable at Mumbai having validity of 180 days from the date of issue. The format of the EMD is given in Exhibit 9 B.
- 6.4.2.2 EMD shall be placed in a separate envelope clearly marked as ‘EMD for – Malegaon DF 2018’ on it and submitted to the office of Superintending Engineer(DF), 4th Floor, Prakashgad, MSEDCL, Bandra(East), Mumbai-51, on or before the last date and time of submission of bid as specified in clause 6.5 of this document.
- 6.4.2.3 Bids, which are not accompanied by the above EMD, shall be rejected by MSEDCL as non-responsive.
- 6.4.2.4 For successful Bidder, EMD shall be released after fifteen calendar days from submission of Bid Bond along with acceptance of LoI.
- 6.4.2.5 For unsuccessful Bidder, EMD shall be released after the signing of DFA by the Successful Bidder.
- 6.4.2.6 The following shall cause for forfeit the amount of EMD:
- 6.4.2.6.1 If the Bidder modifies/ withdraws it's Proposal except as per the provisions specified in the RFP.
 - 6.4.2.6.2 If the Bidder withdraws its proposal before the expiry of the validity period (as specified by the bidder in Exhibit 1) of the Proposal.
 - 6.4.2.6.3 If the successful Bidder fails to provide the Bid Bond as per Exhibit 9 within the stipulated time or any extension thereof provided by MSEDCL.
 - 6.4.2.6.4 If the successful Bidder fails to acknowledge the letter of intent as accepted, within 02 calendar days from date of issue of letter of intent.
 - 6.4.2.6.5 If the successful Bidder fails to sign the DFA within 15 days of issuance of LoI or within any extension thereof provided by MSEDCL.
 - 6.4.2.6.6 If any information or document furnished by the Bidder turns out to be misleading or untrue in any material respect.

6.4.3 Bid Bond

- 6.4.3.1 The Selected Bidder shall submit a Bid Bond to the satisfaction of MSEDCL in the form of a bank guarantee from any Nationalized public sector Bank or ICICI bank, IDBI bank, Axis bank, HDFC bank for an amount Rs 25 Cr (Rs Twenty Five Crores) payable to MSEDCL by Distribution Franchisee.
- 6.4.3.2 The Bid Bond must be furnished in the format provided in Exhibit 9 of the RFP along with acceptance of the letter of intent, failing which acceptance of the letter of intent shall be invalid.
- 6.4.3.3 The Bid Bond shall be valid for one hundred and eighty (180) days from the acceptance of LoI.
- 6.4.3.4 The Bid Bond shall be encashed in case the Selected Bidder does not take over operations in the Franchise Area within four months of the acceptance of the letter of intent or in case the Selected Bidder does not furnish a standby letter of credit on the Effective Date.
- 6.4.3.5 The Bid bond shall be returned on submission of standby letter of credit (Security Deposit) as mentioned in Article 11.

6.4.4 Performance Guarantee and Security Structure**a) Submission of Payment Security Deposit**

The Distribution Franchisee shall secure the payment security deposit by providing Standby Letter of Credit to the satisfaction of MSEDCL from any Nationalized public sector Bank for an amount equivalent to two months' estimated amount payable to MSEDCL by Distribution Franchisee based on energy input at Input Points in Franchise Area and Input Energy Rate quoted by the Distribution Franchisee for first year of Franchisee term. MSEDCL and DF shall also sign a Default Escrow Agreements and the Agreement to Hypothecate Cum Deed of Hypothecation for the purpose of collateral arrangement.

b) Submission of Performance Guarantee

The Distribution Franchisee shall secure the guarantee to perform by providing Performance Guarantee to the satisfaction of MSEDCL from any nationalized bank for an amount of Rs. 45 Cr. (Forty Five Crores) on 5th anniversary of Effective date.

6.4.5 Model Distribution Franchise Agreement

The model Distribution Franchise Agreement as per Annexure B must be signed and accepted by the bidder (i.e. authorized person as per Exhibit 6) and such signed DFA should be submitted as part of the bid. The bidder must submit

accepted model DFA, including all annexure, signed and stamped on all pages. No negotiations on the same shall be allowed, once such an accepted DFA is submitted. Any suggestions or conditions for change in the DFA submitted as part of the bid may be construed as deviations from the DFA and may result in non-responsiveness.

6.5 Time Table and Milestones

Milestone	Date
Commencement of Sale of Bid Document	D (Date : 11/10/2018)
Last date for sale of the Bid Document	D plus 14 days up to 1500 Hrs
Pre- Bid Conference	D plus 15 days
Last date of submission of technical and financial bids	D plus 23 days up to 1300 Hrs
Opening of Technical Proposal/Bids	D plus 23 days at 1500 Hrs
Opening of Financial Proposal/Bids	D plus 39 days at 1500 Hrs
Completion of Bid Evaluation and Issue of LoI	D plus 46 days
Acceptance of LoI and submission of Bid Bond by successful bidder	D plus 49 days
Signing of DFA	D plus 50 days

- *"D" denotes the date of commencement of the sale of bid document*
- *If the notified day falls on Sunday/Holiday, then next working shall be considered.*

6.6 Opening of Technical Proposal

The Technical Proposal shall be opened online in the presence of one representative from each Bidder, who wishes to be present. The details regarding the Technical Proposal, as provided in Exhibit 3 would be read out. The result of the technical evaluation shall be intimated to the respective bidders prior to opening of financial proposal through e-mail.

6.7 Opening of Financial Proposal

The Financial Proposal shall be opened online in the presence of one representative from each of the technically qualified Bidders, who wish to be present. The details regarding the Financial Proposal, as provided in Exhibit 5 would be read out. The Date, Time and Place for the same shall be notified by MSEDCL in due course of time through e-mail.

- 6.8** Information relating to the examination, clarification, evaluation and recommendation for the short listed Bidders shall not be disclosed to any person, not officially concerned with the process. MSEDCL would treat all information submitted as part of the proposal as confidential and will ensure that all who have access to such material treat it as confidential. MSEDCL would not divulge any such information unless ordered to do so by any Government authority that has the power under law to require its disclosure.

6.9 Validity of terms of bids

Each Proposal shall indicate that it is a firm and irrevocable offer, and shall remain valid and open up to specific date (as specified by the bidder). However, this should not be less than six months from the last date of submission of the Bids. In exceptional circumstances, MSEDCL may solicit the Bidder's consent for extension of the period of validity, if it expires. A Bidder accepting MSEDCL's request for extending the period of validity shall not be permitted to modify its Proposal.

6.10 Language of the Bid

The bid and all associated documents shall be in English.

6.11 Signature on Bid

The person authorized to act on behalf of the Bidder (i.e. attorney as per Exhibit 6) shall sign the completed Bid and all related documentation at each page.

6.12 Other important Instructions

The following may please be noted:

- 6.12.1** The bidder may assess their own loss reduction target for the entire period of engagement (i.e. 20 Years).
- 6.12.2** The Bidder shall submit Preliminary Infrastructure Roll-out plan to MSEDCL stating the minimum Capital investments to be carried out in the Franchise Area over a period of first five years from the effective date along with bid document. While calculating minimum capital expenditure over a period of first five years, balance work of ongoing infrastructure schemes of MSEDCL shall be taken into consideration. However this plan carries no weightage in the bid. This preliminary Infra Roll-out Plan to be freezed after mutual

discussion between Successful Bidder and MSEDCL within one year of signing of DFA.

- 6.12.3** The bidder shall compulsory invest minimum Rs. 20 Cr (Rs. Twenty Crores) per year in Distribution Franchise Area towards capital investment for new electrical network for the first five years as a Committed Capex. Thereafter bidder shall invest minimum Rs. 3 Cr per year from the fifth year of operation in Distribution Franchise Area towards capital investment for the remaining term of agreement.
- 6.12.4** According to the DFA, the Franchisee shall have to pay wheeling charges (as per Open Access Provisions/ regulations), electricity duty, tax on sale of electricity, Pass on charges, security deposit collected for new connections less incentives. Such payment shall be apart from the revenue for input energy. Hence the Input rate shall not include the above components. Tariff components such as Fuel Adjustment charge, additional supply charge and any other charge as tariff component, (if promulgated by MERC in future) shall be billed to consumers by the Franchisee and any change in the same shall be reflected in the Input Cost payable to MSEDCL through tariff indexation formula of the DFA. Hence the Bidder must factor in the same during bid submission. However, pass on charges such as extra recovery on account of pass on charges of other stake holders such as GENCO, TRANSCO, GOM,GOI. or any other charges of such nature shall be treated separately. The amount so charged by the Distribution Franchisee to the consumers of the franchisee area shall be remitted separately to MSEDCL on charged basis till its existence. The Distribution Franchisee shall not claim for loss in sale units due to OA.
- 6.12.5** Roof top Solar Scheme and other stipulations on Renewable Energy (RE) shall be implemented as per the MERC/MSEDCL Prevalent regulations / Policy / Guidelines and amendments in the said policy from time to time are applicable to Distribution Franchisee.
- 6.12.6** The Bids, that are incomplete in any respect and/or are not consistent with the requirements as specified in this RFP, and/or do not contain the Covering Letter or Chartered Accountant's Certificate or notarized power of attorney as per the specified formats, would be considered non-responsive and would be rejected.
- 6.12.7** Strict adherence to formats, wherever specified, is required. Non-adherence to formats shall be a ground for declaring the Proposal non-responsive.
- 6.12.8** All communication and information should be provided in writing and in the English language only.

-
- 6.12.9** All the communication and information provided should be legible, and wherever the information is given in figures, the same should also be mentioned in words.
- 6.12.10** Any change in proposal or supplementary information to a Proposal will not be accepted after its submission. However, MSEDCL reserves the right to seek additional information/ clarification from the Bidders, if found necessary, during the course of evaluation of the Proposal. MSEDCL reserves the right of accepting and using such additional information/ clarification. Non-submission, incomplete submission or delayed submission of such additional information or clarifications as sought by MSEDCL, shall be grounds for rejection of the Proposal.
- 6.12.11** The Bids shall be evaluated as per the criteria as specified in this RFP. However, within the broad framework of the evaluation parameters as stated in this RFP, MSEDCL reserves the right to make modifications to the stated Evaluation Criteria, which would be uniformly applied to all the Bidders.
- 6.12.12** The Bidder should designate one person ("Contact Person" and "Authorized Signatory") to represent the Bidder in his dealings with MSEDCL. This designated person should be authorized to perform all tasks including, but not limited to providing information, responding to enquiries, entering into contractual commitments on behalf of the Bidder, etc. The Bidding Company should submit a notarized Power of Attorney with signature of attorney duly attested by the executants of the Power of Attorney, authorizing the signatory of the Bid to commit the Bidder as per format provided in Exhibit 6. Communication to such person shall be deemed to be effective communication from MSEDCL's side.
- 6.12.13** If any claim made or information provided by the Bidder in the Proposal or any information provided by the Bidder in response to any subsequent query of MSEDCL, is found to be incorrect or is a material misrepresentation of facts, then the Proposal shall be liable for rejection.
- 6.12.14** The Bidder shall be responsible for all the costs associated with the preparation of the proposal. MSEDCL shall not be responsible in any way for such costs, regardless of the conduct or outcome of this process.
- 6.12.15** MSEDCL reserves the right to reject any or all the Proposals without assigning any reasons what so ever.
- 6.12.16** All queries and suggestions on the RFP should be as per the format provided in Annexure D and must be provided in soft copy via spreadsheet software (such as Microsoft Excel, etc.) to the address provided in Clause 6.13, in addition to hard copies, if any. The same should be forwarded to MSEDCL prior to 02 days of the pre-bid conference.

6.12.17 Superintending Engineer (DF) shall be single point contact for all correspondence regarding DF upto signing of Distribution Franchisee Agreement and correspondence will be done on following address :

DF Section, 4th Floor, Prakashgad, Anant Kanekar Marg,
Bandra (E), Mumbai – 400051.

6.13 Pre-bid Conference

6.13.1 The official representative of the Bidders may attend the pre-bid conference which will take place at the following address:

The Superintending Engineer (Distribution Franchise),
Maharashtra State Electricity Distribution Company Ltd.,
Plot No G- 9, Anant Kanekar Marg, 4th Floor, Prakashgad,
Bandra (East), Mumbai 400 051
Phone: 022 – 26581476, 26474211 (ext. 2571/2221)
Email: ee2df.msedcl@gmail.com

6.13.2 The purpose of the meeting will be to clarify any issues regarding the bid process.

6.13.3 The Bidder must submit questions if any in writing by email to reach MSEDCL at the address indicated above at least two days (strictly) prior to the pre-bid conference as per the format provided in Annexure D. No queries shall be entertained after pre-bid conference. Bidders are expected to ask reasonable questions related with said project only.

6.13.4 If any query is not clarified during the pre bid conference, then reply to such query will be communicated separately to all the bidders.

6.13.5 Non-attendance at the pre-bid meeting will not be a cause for rejection of a Bidder.

6.14 Enquiries:

The Format for the same is provided in Annexure D and must be strictly followed. All requests for clarifications, if any, must be provided in soft copy, via spreadsheet software (such as Microsoft Excel etc.) in addition to hard copies.

7. FORMATS FOR SUBMISSION OF BIDS

(a). Technical Proposal

The Technical Proposal to be submitted by the Bidders shall be up loaded (Demand Draft to be handed over separately) and shall be organized in the manner specified below:-

- 1 Section 1 :
 - i) Covering Letter as per the format specified in Exhibit-1.
 - ii) Copy of receipt for purchase of tender document
 - iii) Demand Draft or Bank Guarantee as the EMD
 - iv) Format for undertaking regarding acceptance of terms and conditions of Model DFA as per Annexure E which shall be submitted through e-tendering. The fully Signed and Accepted Model DFA to be submitted separately in Hard Copy on or before date and time of submission of bid.
- 2 Section 2 :
 - i) Description of the Bidding Company as per the format specified in Exhibit 2
 - ii) Information Requirements as per the formats specified in Exhibit 3 including the following:
 - a. Consolidated Audited Annual Reports for the last two years of the Bidding Company.
 - b. Network roll-out plan with indicative costs explicitly mentioned.

-
- iii) Original Power of Attorney issued by the Bidding Company as the case may be, in favor of the person signing the Bid, in the form attached hereto as Exhibit 6.
 - iv) Certificate of Bidding above benchmark input rate as specified in Exhibit 7
 - v) Chartered Accountant's Certificate as laid down in Exhibit 8 of the RFP certifying that the bidding company satisfies all the qualification criteria as required in the RFP.

(b). Financial Proposal

The Financial Proposal to be submitted by the Bidders shall be up loaded and shall be organized in the manner specified below:

- 1 Section 1 : Covering Letter as per the format specified in Exhibit 4
- 2 Section 2: Financial Proposal as per the format specified in Exhibit 5

EXHIBIT 1: COVERING LETTER FOR TECHNICAL PROPOSAL

(The covering letter is to be submitted by the Bidding Company along with the Technical Proposal. This should be on the company's letterhead.)

Date:

Place:

To

Superintending Engineer (Distribution Franchise)

Maharashtra State Electricity Distribution Company Ltd.,

Plot No G-9, Anant Kanekar Marg, 4th floor, Prakashgad,

Bandra (East), Mumbai 400 051

Dear Sir,

Sub: Distribution Franchise for “Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle

The Technical Proposal in respect of the Distribution Franchise for Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division of MSEDCL under Malegaon Circle (“Project”), in response to the Request for Proposal (“RFP”) document issued by the Maharashtra State Electricity Distribution Company Limited, (“MSEDCL”) on _____

We hereby confirm the following:

1. The Proposal is being submitted by _____ (name of the Bidding Company) who is the Bidding Company in accordance with the conditions stipulated in the RFP.
2. We have examined in detail and have understood and agree to abide by all the terms and conditions stipulated in the RFP issued by MSEDCL and in any subsequent communication sent by MSEDCL. Our Technical Proposal is consistent with all the requirements of submission as stated in the RFP or in any of the subsequent communications from MSEDCL.

-
3. The information submitted in our Technical Proposal is complete and it is strictly as per the requirements as stipulated in the RFP, and is correct to the best of our knowledge and understanding. We would be solely responsible for any errors or omissions in our Technical Proposal.
 4. We, as the Bidding Company, designate Mr./Ms. _____ (mention (1) name, (2) designation, (3) contact address, (4) phone no. including mobile no. , (5) fax no. as well as (6) e-mail) as our representative who is authorized to perform all tasks included, but not limited to providing information, responding to enquiries, entering into contractual commitments on behalf of the Bidder, etc. in respect of the Project.
 5. This proposal is a firm and irrevocable offer, and shall remain valid and open up to _____ (for a period of not less than six months from the last date for submission of the Bids)

For and on behalf of :

Signature :

(Authorized Signatory)

Name of the Person :

Designation :

EXHIBIT 2: DESCRIPTION OF THE BIDDING COMPANY

Name of the Bidding Company	
Registered Office	
Corporate Office (if different from the registered office)	
Contact No	
Email Address	

For and on behalf of :

Signature :

(Authorized Signatory)

Name of the Person :

Designation :

EXHIBIT 3: INFORMATION REQUIREMENT FOR TECHNICAL PROPOSAL*Instructions:*

- a) This section specifies information to be provided in respect of the Bidding Company.
- b) Bidders should upload the copy of Consolidated Audited Annual Reports for the last two years of the Bidding Company, including infrastructure roll-out plan for first five years with indicative costs explicitly mentioned.
- c) Definitions of relevant criteria shall be as per Clause 5.2 of the RFP

FINANCIAL CAPABILITY

Under this head, the financial strength of the Bidding Company would be considered from its accounts consolidated with its subsidiaries, if any. Information contained in the annual reports such as remarks of the auditor, notes to accounts, etc. shall be considered while evaluating the financial capability. The date for computing net worth shall be last date of accounting year ending i.e. 31st March, 31st December or Any other date chosen by the Company for its accounting period. The bidder shall submit the latest audited account statements for two years from FY 2015-16 to 2016-17.

1. Evaluation of Financial Net Worth

Under this head, the consolidated audited financial net worth as on March 31st 2016/2017 of the Bidding Company would be considered

Name of the Bidding Company	Net worth as on March 31, 2016/2017 (Rs. Crores)

2. Cash Accruals

Under this head, consolidated average cash accruals for two years from FY 2015-16 to FY 2016-17 of the Bidding Company would be considered.

Name of the Bidding Company	Cash Accruals (Rs. Crores)		
	2015-16	2016-17	Average

3. Annual Turnover

Under this head the consolidated Average annual turnover in the last two years (i.e. FY 2015-16 and FY 2016-17) should be considered.

Name of the Bidding Company	Annual Turnover (Rs. Crores)		
	2015-16	2016-17	Average

EXPERIENCE AND TRACK RECORD

4. Experience in handling consumer base

The Bidding Company must have a minimum of 5 (five) years of experience in handling at least 2 Lakhs consumers.-

Name of the Bidding company	Number of consumers (As on)				
	Mar 13	Mar 14	Mar 15	Mar-16	Mar-17

5. Experience in employee handling consumer base

The Bidding Company must have a minimum of 5 (five) years of experience in employing and managing a workforce of more than 500 (Five Hundred) employees .-

Name of the Bidding company	Number of employees (As on)				
	Mar 13	Mar 14	Mar 15	Mar-16	Mar-17

6) For existing Electrical Distribution Licensee

The _____ company is an existing Distribution Licensee under the provisions of the EA 2003, for the _____ (mention area) under License number _____ issued by _____.'

For and on behalf of :

Signature :

(Authorized Signatory)

Name of the Person :

Designation

EXHIBIT 4: COVERING LETTER FOR FINANCIAL PROPOSAL

(This covering letter for Financial Proposal is to be submitted by the Bidding Company along with the Financial Proposal.)

Date:

Place:

To

The Superintending Engineer (Distribution Franchise)

Maharashtra State Electricity Distribution Company Ltd,

Plot No G-9, Anant Kanekar Marg, 4th Floor, Prakashgad,

Bandra (East), Mumbai 400 051

Dear Sir,

Sub: Distribution Franchise for “Malegaon Corporation Area” under Malegaon Circle

Please find attached herewith our Financial Proposal in respect of the Distribution Franchise for Malegaon Corporation Area which comprises Malegaon Urban I, II & III Sub-divisions of Malegaon and 5 villages Rural Sub-Division under Malegaon Circle in response to the Request for Proposal (“RFP”) document issued by the Maharashtra State Electricity Distribution Company Limited, (“MSEDCL”) on _____.

We hereby confirm the following:

1. The Proposal is being submitted by _____ (name of the Bidding Company) who is the Bidding Company, in accordance with the conditions stated in the RFP.
2. We have examined in detail and have understood, and abide by; all the terms and conditions stipulated in the RFP document issued by MSEDCL and in any subsequent communication sent by MSEDCL.
3. Our Financial Proposal is consistent with all the requirements of submission as stated in the RFP or in any of the subsequent communications from MSEDCL.

4. We would be solely responsible for any errors or omissions in our Financial Proposal.

For and on behalf of :

Signature :

(Authorized Signatory)

Name of the Person :

Designation :

EXHIBIT 5: FORMAT FOR FINANCIAL PROPOSAL

Year	MSEDCL Benchmark Rate (Input Rate)	Offered Rate by Bidder (Input Rate)
	In Rs. / Kwh	
1	3.2095	
2	3.5906	
3	3.8954	
4	4.1240	
5	4.2764	
6	4.3033	
7	4.3301	
8	4.3569	
9	4.3838	
10	4.4106	
11	4.4374	
12	4.4643	
13	4.4911	
14	4.5179	
15	4.5448	
16	4.5716	
17	4.5984	
18	4.6253	
19	4.6521	
20	4.6789	

For and on behalf of :
Signature :

(Authorized Signatory)

Name of the Person :

Designation :

Instructions:

The Input Rates in Rs. / kWh should be mentioned up to Four (4) decimal points

EXHIBIT 6: FORMAT OF POWER OF ATTORNEY

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.)

Power of Attorney to be provided by the Bidding Company in favor of its representative.

(This Power of Attorney should be notarized and the signature of attorney should be attested by the executants. Non compliance shall be considered as Non responsive and bid shall be rejected.)

Know all men by these presents,(name of the Bidding Company and address of the registered office) does hereby constitute, appoint and authorize Mr./Ms.(mention (1) name, (2) designation, (3) contact address, (4) phone no. including mobile no. , (5) fax no. as well as (6) e-mail) as our true and lawful attorney, to do in our name and on our behalf, all such acts, deeds and things necessary in connection with or incidental to submission of its Bid for the Project in response to the Request For Proposal (RFP) no..... dated _____ issued by Maharashtra State Electricity Distribution Company Limited (referred to as MSEDCL), including signing and submission of the Bid and all documents specified in the RFP, including, undertakings, letters, certificates, acceptances, clarifications, guarantees, etc. making representations to MSEDCL and providing information / responses to MSEDCL, representing us in all matters before MSEDCL named in the RFP, and generally dealing with MSEDCL in all matters in connection with our Bid for the appointment of distribution franchisee in Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle.

.....(name of the Bidding Company) hereby agrees to ratify all acts, deeds and things done by our said attorney pursuant to this Power of Attorney and that all acts, deeds and things done by the aforesaid attorney shall and shall always be deemed to have been done by(name of the Bidding Company)

All the terms used herein but not defined shall have the meaning ascribed to such terms under the RFP.

Signed by the within named

_____ [Insert the name of the Executant]

through the hand of
Mr. _____
Duly authorized signatory

Dated this ____ day of 2018

Accepted

Signature of Attorney

(Name, designation and address of the Attorney)

Attested

(Signature of Executant)

(Name, designation and Address of the Executant)

Signature and stamp of

Notary of the place of execution

Note:

The mode of execution of the Power of Attorney should be in accordance with the procedure (Notarisation is mandatory), if any, laid down by the applicable law and the charter documents of the Executant(s) and the same should be under common seal of the Executant affixed in accordance with the applicable procedure. Further, the person whose signatures are to be provided on the Power of Attorney shall be duly authorized by the Executant(s) in this regard.

EXHIBIT 7: CERTIFICATE OF BIDDING ABOVE BENCHMARK INPUT RATE

Date:

Place:

To

The Superintending Engineer (Distribution Franchise),
Maharashtra State Electricity Distribution Company Ltd,
Plot No G-9, Anant Kanekar Marg, 4th Floor, Prakashgad,
Bandra (East), Mumbai 400 051

Dear Sir,

Sub: Distribution Franchise for Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Subdivision under Malegaon Circle.

_____ (name of the Bidding Company) hereby submits its Financial Proposal, indicating Input Rates for the duration of the Franchise Agreement, in response to the Request For Proposal issued by MSEDCL with regard to the Distribution Franchise for Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle.

1. _____ (name of the Bidding Company) confirms that the Financial Proposal conforms to all the terms and conditions stipulated in the Request for Proposal Document.
2. _____ (name of the Bidding Company) confirms that the Financial Proposal is final in all respects and contains no conditions.
3. _____ (name of the Bidding Company) confirms that the Financial Proposal is complete and correct to the best of the knowledge and understanding of _____ (name of the Bidding Company). _____ (name of the Bidding Company) would be solely responsible for any errors or omissions in the Bid.

-
4. _____ (name of the Bidding Company) confirms that it has studied the provisions of relevant Indian laws and regulations required to enable preparation of this Financial Proposal in the event that it is finally selected.
5. _____ (name of the Bidding Company) confirms that the Financial Proposal for Input Rates exceeds the Minimum Benchmark Input Rate for each year of the Franchise Agreement as provided in Annexure C of the RFP, failing which the bid shall be liable for rejection.

Thanking you,
Yours sincerely,

For and on behalf of :

Signature :

(Authorized Signatory)

Name of the Person :

Designation :

Company rubber stamp/ common seal:

EXHIBIT 8: CHARTERED ACCOUNTANT'S CERTIFICATE

Date:

Place:

To

The Superintending Engineer (Distribution Franchise),
Maharashtra State Electricity Distribution Company Ltd,
Plot No G-9, Anant Kanekar Marg, 4th Floor, Prakashgad,
Bandra (East), Mumbai 400 051

Dear Sir,

Sub: Satisfaction of Qualification Criteria

Ref: Bid Specification (RFP) No. _____ dated _____ for Appointment of Distribution Franchisee for Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle based on the audited financial statements of the Bidding Company, consolidated with subsidiary companies and the qualification criteria and related definitions as specified in the RFP, I/we hereby certify the following particulars:

Name of the Bidding Company	
Name of the First Subsidiary Company	
Name of the Second Subsidiary Company	
Name of the Third Subsidiary Company	

(Insert rows if applicable)

Name of the Bidding Company	(Figures in Rs Crores)		
	Net worth	Average Cash Accruals	Annual Turnover
	As on March 31, 2016/2017	(for last two years from FY 2015-16 to FY 2016-17)	consolidated Average annual turnover in the last two years (i.e. FY 2015-16 and FY 2016-17)

I/ we further certify the following:

1) Net worth:

The net worth as on March 31, 2016/2017 is Rs. _____ Crores, detailed as under:
(Figures in Rs Crores)

Particulars	FY 2015-16/2016-17
Equity Share Capital	
Equity Share Premium	
Add:	
General Reserves	
Credit balance in Profit and Loss Account	
Other Free Reserves (to be specified individually by the chartered accountant)	
Balance	
Less:	
Accumulated Losses	
Intangible Assets included in the Balance Sheet	
Misc. Expenditure to the extent not written off	
Net Worth	

Note: Net worth excludes statutory reserves and revaluation reserves

2) Cash Accruals:

The average Cash Accruals, (calculated as Profit after Tax plus depreciation) for two years from FY 2015-16 to FY 2016-17 is Rs __ Crores.

(Figures in Rs. Crores)

Particulars	FY2015-16	FY 2016-17
Profit after tax (PAT)		
Add:		
Depreciation		
Cash Accruals		
Average Cash Accruals		

3) Annual Turnover

The Average annual turnover in FY 2015-16 and FY 2016-17 is Rs ----- Crores

Figures in Rs Cr		
Particulars	FY 2015-16	FY 2016-17
Annual Turnover		
Average Turnover		

4) Experience in handling consumer base

- _____ (Name of the Bidding Company) has _____ years of experience in handling _____ consumers.

Name of the Bidding company	Number of consumers (As on)				
	Mar 13	Mar 14	Mar 15	Mar-16	Mar-17

5) Experience in employee handling consumer base

The Bidding Company must have a minimum of 5 (five) years of experience in employing and managing a workforce of more than 500 (Five Hundred) employees .-

Name of the Bidding company	Number of employees (As on)				
	Mar 13	Mar 14	Mar 15	Mar-16	Mar-17

6) For existing Electrical Distribution Licensee

The _____ company is an existing Distribution Licensee under the provisions of the EA 2003, for the _____ (mention area) under License number _____ issued by _____.'

This certificate is issued at the request of _____ (Name of the Bidding Company) for submission to Maharashtra State Electricity Distribution Company Ltd as part of the documents for appointment of Distribution Franchisee for Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle.

For

(Name of the Bidding Company)

Name & Signature of Authorised Secretary

Place:

Date:

Name & Signature of Chartered Accountant(s)

Membership No:

Note:

- *The certificate must be submitted in the given format.*
- *The signatory must be a member of the Institute of Chartered Accountants of India in practice.*
- *In case Bidders have financial years ending on December 31, they shall provide financial details for the criteria of net worth, turnover and cash accruals based on audited financial statements for 2016 and 2017 respectively, and the date for computing Net worth shall be March 31, 2017*

EXHIBIT 9 A: BID BOND FORMAT

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.)

WHEREAS Maharashtra State Electricity Distribution Company Limited (MSEDCL) intend to award a tender for appointment of Distribution Franchise for Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle (herein after called the Tender) to M/s-----) for the invitation to tender by reference no.: RFP SE/DF/- dated:_____

Now, by this letter, we the undersigned (Banks Name and address) whose registered office is at:..... irrevocably for payment to MSEDCL the sum of Rs.------(Rs.-----Crores)- as Bid Bond to indemnify in case of default. The conditions of the above obligations are such that if M/s._____ shall not keep their Bid being submitted to MSEDCL for one hundred and eighty days as set forth in the instructions to Bidder valid and unaltered until..... months from the due date____ on the tender, viz._____ refused to sign a Distribution Franchise agreement in accordance with the terms of the tender or after having signed the agreement, then this obligation remains in full force and effect, Other wise to be null and void.

In case this obligation is effective, we, (Bank's Name) undertake to pay to MSEDCL any amount up to the above indicated sum, upon written request, without any demur or protestation and without reference to M/s.----- within 15 days from the date of such demand in any manner in which the Company may direct and also without the necessity of instituting and proceeding whether judicial or otherwise, at any time upon the ORDER/CONTRACT committing any one or more of the following:

- (a) Withdraws his tender during the validity period or any extension sought/ granted thereof, or
- (b) If the ORDER/CONTRACT varies or modifies his bid in a manner not conforming to Tender Conditions and / or not acceptable to MSEDCL during the validity period or any extension of the validity duly agreed to by the bidder, or

(c) *If a bidder whose offer has been accepted fails to furnish Security Deposit as per provisions of DFA or by the date Mutually agreed to whichever is later.*

We,..... (Bank's Name), agree that our liability to pay is not dependant on conditions of provisions of DFA and we shall be liable to pay an amount not exceeding the aforesaid amount as and when demanded by MSEDCL merely on claim being by MSEDCL and even before any legal proceedings are taken against the ORDER/CONTRACT.

We,(Bank's Name), undertake not to revoke this guarantee during its currency except with the previous consent of the Purchaser in writing. The guarantee herein contained shall not be revocable by notice or by reasons of dissolution or winding up of the business of the ORDER/CONTRACT or any change in the constitution or composition of the ORDER/CONTRACT.

This guarantee shall remain valid, in case the Tender is accepted, until the due performance of the ORDER/CONTRACT resulting from such acceptance inclusive of furnishing Security Deposit in a manner specified by MSEDCL and in any other case until _____ unless a claim or demanded is made on us in writing on or before (validity +---- weeks), we will be relieved and discharged from all liability there under.

We, (Bank's Name) have power to issue guarantee in MSEDCL's favor under Memorandum and Articles of Association and the undersigned has full power to do so under the Power of Attorney dated _____ granted to him by the Bank.

After the here above mentioned date, the Guarantee shall lapse automatically without necessity to be returned to the Bank.

This guarantee shall be governed by Indian laws and the Courts at Mumbai, India alone shall have the jurisdiction.

Date:

Signature of a person duly authorized to sign

On behalf of the Bank, with Seal of the Bank

EXHIBIT 09 B: FORMAT OF BANK GUARANTEE FOR EMD

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.)

Bank Guarantee no. -----

Date:-----

The Superintending Engineer (Distribution Franchisee)
Maharashtra State Electricity Distribution Company Limited
Prakashgad, Plot No. G-9, Station Road, Bandra East
Mumbai, Maharashtra-.400051

WHEREAS M/s. ----- having its Registered Office at -----
----- (hereinafter called "the Bidder") has submitted
its Bid for the appointment of distribution franchisee in Malegaon Urban I, II & III Sub-
divisions and 5 villages of Malegaon Rural Sub-Division of Malegaon Circle in
Maharashtra state for the Tender No.----- (hereinafter called
"the Bid")

KNOW ALL PERSONS by these present that We -----
----- (hereinafter called "the Bank"), are bound unto Maharashtra
State Electricity Distribution Company Limited in the sum of Rs. 2,00,00,000/-
(Rupees Two Crores Only) for which payment well and truly to be made to the
said Employer, the Bank binds itself, its successors and assigns by these presents.
This guarantee will be payable at our branch office at -----Maharashtra.
Sealed with the common seal of the said bank this -day of ----- 2018.

The following shall cause for forfeit the amount of EMD:

- a. If the Bidder modifies/ withdraws it's Proposal except as per the provisions specified in the RFP.
- b. the Bidder withdraws its proposal before the expiry of the validity period (as specified by the bidder in Exhibit 1) of the Proposal.
- c. If the successful Bidder fails to provide the Bid Bond as per Exhibit 9 within the stipulated time or any extension thereof provided by MSEDCL.
- d. If the successful Bidder fails to acknowledge the letter of intent as accepted, within 05 calendar days from date of issue of letter of intent.
- e. If the successful Bidder fails to sign the DFA within 15 days of issuance of LoI or within any extension thereof provided by MSEDCL.
- f. If any information or document furnished by the Bidder turns out to be misleading or untrue in any material respect.

We undertake to pay to the Employer up to the above amount upon receipt of its first written demand, without the Employer having to substantiate its demand, provided that in its demand the Employer will note that the amount claimed by it is due to it, owing to the occurrence of any of the above-named CONDITIONS or their combination, and specifying the occurred condition or conditions.

This guarantee will remain in full force up to and including ----- and any demand in respect thereof must reach the Bank not later than the above date.

Notwithstanding anything contained herein:

- a. Our liability under this Bank Guarantee shall not exceed Rs 2, 00,00,000/- (Rupees Two Crores only)
- b. This Bank guarantee shall be valid up to -----.
- c. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only & only if we receive a written claim or demand on or before -----
- d. This Bank Guarantee is not assignable and not transferable to third Party .

Signature -----

Signature -----

Name -----

Name -----

Designation -----

Designation -----

POA No.-----

POA No.-----

Contact No.(s): Tel-----

Contact No.(s): Tel-----

Mobile -----

Mobile -----

Fax No. -----

Fax No. -----

Email -----

Email -----

Common Seal of the Bank-----

Common Seal of the Bank-----

* INDIGENOUS VENDORS TO SUBMIT THIS EMD ON NON-JUDICIAL STAMP PAPER
OF RS..... FROM NATIONALIZED BANK ONLY.

EXHIBIT 10: CERTIFICATE FOR OPERATIONAL DISTRIBUTION
FRANCHISEE:

This is to certify that M/s ----- (name of distribution Franchisee), is operational Distribution Franchisee for DF area of ----- (Name of area) since ----- . On this day -----2018 , the outstanding amount receivable * from M/s ----- (name of Distribution Franchisee) is Rs.----- excluding disputed amount , current invoice amount & preceding invoice amount payable to -----(utility name).

This certificate is issued at the request of ----- (Name of the Bidding Company) for submission as part of the documents for appointment of Distribution Franchisee for Malegaon Corporation Area which comprises of Malegaon Urban I,II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle .

Engineer In Charge

-----(Name of area) DF area

-----(Name of the Utility)

Place:

Date:

N.B.:- * Please specify, Genuine Disputed Amount under consideration if any.

ANNEXURE A: TABLE OF CONTENT DFA

1. ARTICLE 1: DEFINITION OF TERMS	69
2. ARTICLE 2: CONDITIONS TO BE SATISFIED BY DISTRIBUTION FRANCHISE AND MSEDCL	77
3. ARTICLE 3: TERM OF AGREEMENT	81
4. ARTICLE 4: GRANT OF DISTRIBUTION FRANCHISE	83
5. ARTICLE 5: ACTIVITIES OF DISTRIBUTION FRANCHISEE	86
6. ARTICLE 6: METERING AND MEASUREMENT	98
7. ARTICLE 7: BILLING AND PAYMENT	100
8. ARTICLE 8: ARREARS	112
9. ARTICLE 9: PROVISION FOR SUBSIDY	115
10. ARTICLE 10: ELECTRICITY DUTY, TOSE AND PASS ON CHARGES	117
11. ARTICLE 11: PAYMENT SECURITY AND PERFORMANCE GUARANTEE	119
12. ARTICLE 12: DEPUTATION OF MSEDCL EMPLOYEES	122
13. ARTICLE 13: REPORTING AND AUDIT	124
14. ARTICLE 14: INDEMNIFICATION	127
15. ARTICLE 15: INSURANCE	130
16. ARTICLE 16: EVENT OF DEFAULT AND TERMINATION	131
17. ARTICLE 17: GOVERNING LAW AND DISPUTE RESOLUTION	140
18. ARTICLE 18: FORCE MAJEURE	143
19. ARTICLE 19: CLEAN DEVELOPMENT MECHANISM (CDM)	144
20. ARTICLE 20: MISCELLANEOUS PROVISIONS	145
21. LIST OF ANNEXURE TO DFA	150

ANNEXURE B: MODEL DISTRIBUTION FRANCHISE AGREEMENT

MSEDCL reserves the right to amend any of the terms of the Distribution Franchise Agreement thereof.

DISTRIBUTION FRANCHISE AGREEMENT FOR Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle.

This Agreement made at Mumbai this day of 2018 between Maharashtra State Electricity Distribution Company Ltd., a company registered under the Companies Act, 1956 having its registered office at Prakashgad, G-9, Prof. Anant Kanekar Marg, Bandra (East), Mumbai-400 051, hereinafter referred to as “MSEDCL” (which expression unless repugnant to the context or meaning thereof shall include its successors and assigns) of the ONE PART

And

Ltd., a company registered under the Companies Act, 1956 having its registered office at, hereinafter referred to as “the Distribution Franchisee” (which expression unless repugnant to the context or meaning thereof shall include its successors and permitted assigns) of the OTHER PART.

WHEREAS:

- A. MSEDCL is a Distribution Licensee under the provisions of the Electricity Act, 2003 (the “Act”) having license to supply electricity in certain areas of the State of Maharashtra.
- B. Under the provisions of the Act, MSEDCL is entitled to distribute electricity to a specified area within its area of supply through another person referred to as Distribution Franchisee.
- C. For the purpose of retail sale and supply of electricity in the Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle as more

particularly described hereinafter, MSEDCL selectedLimited through the competitive bidding process.

- D. MSEDCL issued a Letter of Intent No.-----Dated-----to the said M/s -----Ltd and the same had been accepted by M/s.-----Ltd.
- E. The parties have agreed to record the terms and conditions for sale, purchase and distribution of the electricity within the Franchise Area by executing this indivisible Distribution Franchise Agreement.
- F. The parties are fully aware that this Agreement is for retail sale and purchase of electricity from MSEDCL for distribution in Franchise Area through the Distribution Franchisee as contemplated under the Act.

NOW, THEREFORE, IN VIEW OF THE FOREGOING PREMISES AND IN CONSIDERATION OF THE MUTUAL COVENANTS, PREMISES AND AGREEMENTS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1: DEFINITION OF TERMS

Definition of Terms

For the purpose of this Distribution Franchise Agreement (including all its annexure), the following terms, phrases and their derivations shall have the meanings given below unless the context clearly mandates a different interpretation. Where the context so indicates, the present tense shall imply the future tense, words in plural include the singular, and words in the singular include the plural. The word 'shall' is always mandatory and not merely directory. The definitions are applicable regardless of whether the term is written in capital letters.

Agreement Representative

Shall mean the persons, nominated by the Parties as set forth in Article 20

Aggregate Technical and Commercial Losses (ATC Losses)

Shall mean the sum total of technical losses, commercial losses and shortage due to non realization of total billed demand for HT/ LT energy.

$$ATC \text{ Losses} = \frac{\{Total \text{ energy input (MUs)} - Energy \text{ Realised (MUs)}\}}{Total \text{ energy Input (MUs)}}$$

Where, Energy Realised is the sale of energy (MUs) multiplied by Collection Efficiency

Average Billing Rate (ABR)

Average billing rate is calculated by dividing the billed revenue arrived by including all components that forms part of the revenue as per the tariff order for the period for all categories put together with the total billed units for all categories.

Revenue for this purpose shall include all those components which are billed against the units consumed to consumers and on collection, it is retained as revenue of the Distribution Franchisee/ or Licensee, e.g. Energy charges, Fixed/ or Demand charges, Fuel and Other Cost Adjustment Charges (FOCA), Regulatory Liability Charges (RLC), Power Factor (PF) Penalty/ Incentive and shall exclude all components which are billed to consumers and remitted to Government/ Other agencies e.g. Electricity duty (ED), Tax on Sale of Electricity (TOSE) etc. The unit of ABR is Rs. / Kwh. The same shall be computed as:-

$$ABR = \frac{\{(Total \text{ Demand} + Subsidy) - (ED + TOSE + Any \text{ other taxes payable to Govt.})\}}{Total \text{ Billed Units}}$$

N.B:- All components in numerator are to be measured in rupees

Average Revenue Realization (ARR)

Shall mean the total revenue collected per unit energy supplied by MSEDCL at Input Points on annualised basis. Average Revenue Realisation of the town calculated by dividing the revenue collected, arrived by including all components that forms part of the revenue as per MERC tariff order for the period for all categories put together with the total input units for the Town for all categories. Revenue for this purpose shall include all those components which are collected against the units consumed to consumers and on collection, it is retained as revenue for the Distribution Franchisee/ or Licensee and shall exclude all components, which are remitted to the Government/ other agencies. The unit of ARR will be Rs. /Kwh. The same shall be computed as:-

$$ARR = \frac{(Total \text{ Revenue Collected} - ED - TOSE - Any \text{ other taxes payable to Govt.} + Total \text{ Subsidy Amount})}{Total \text{ Energy Input}}$$

Base Year

Shall mean the period from April 1, 2016 to March 31, 2017.

Bid Bond

Shall mean a written guaranty from a third party guarantor (usually a bank or an insurance company) submitted to MSEDCL by the successful bidder.

Collection Efficiency

Shall mean the ratio of revenue actually realized from consumers and energy billed to Consumers, in percentage terms for a particular period and shall be calculated as below:

$$C E (\%) = \frac{\text{Revenue realized from consumer in rupees}}{\text{Energy Billed to Consumers in rupees}} \times 100$$

Consumer

Means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under the Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be.

Complaint

Means any written or electronic correspondence by a Consumer expressing dissatisfaction with the products, services, or customer service of the Distribution Franchisee.

Contract Year

Shall mean each successive period of one year beginning from the Effective Date of this Agreement.

Distribution

Means the supply and conveyance of electricity by means of distribution system.

Distribution Assets

Shall mean the assets employed by the Distribution Licensee/ Distribution Franchisee in the Franchise Area for distribution of electricity.

Distribution Franchisee

Shall mean the Successful Bidding Company appointed by MSEDCL to act as an agent of MSEDCL to purchase electricity from MSEDCL and distribute electricity in the designated Franchise Area

Distribution Franchisee Assets

Shall mean the assets created and employed by Distribution Franchisee in the Franchise Area for distribution of electricity.

Distribution Losses

Shall mean the difference between energy supplied at the Input Points and Energy Billed to Consumers in percentage terms for a particular period and shall be computed as below:

$$\text{Dist. Loss (\%)} = \frac{(\text{Energy Intake at Input Points in Kwh} - \text{Energy Billed to consumers in kwh}) \times 100}{\text{Energy Intake at Input Points in Kwh}}$$

The above calculation excludes power purchase from any source other than MSEDCL.

Distribution System

Means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the Consumers.

Effective Date

Shall mean the date of handing over of the business operations of Franchise Area by MSEDCL to the Distribution Franchisee pursuant to this Agreement after the conditions precedents are satisfied. Such date shall be indicated by the Distribution Franchisee and accepted by MSEDCL which shall not be later than ninety calendar days from the date of signing of this Agreement.

Engineer-in-Charge

Shall mean any person, nominated by each of the Parties as set forth in Article-20.

Nodal Office

Shall mean office of MSEDCL to co-ordinate between MSEDCL and Distribution Franchisee.

Nodal Officer

Shall mean Officer-in-Charge of the Nodal Office nominated by MSEDCL.

Expiry Date

Shall mean the twentieth anniversary of the Effective Date.

Expiry Payment

Shall mean the payment to be made on expiry of the Agreement by either Party to the other Party as per Article-16.

Extra High Voltage or EHV

Shall mean any voltage above 33,000 Volts subject to permissible variations

Franchise

Means the rights granted by MSEDCL to the Distribution Franchisee to act as a franchisee of MSEDCL to distribute the electricity in the Franchise Area and all the rights, powers and authorities available to MSEDCL as a distribution licensee necessary to fulfill the obligations and responsibilities as contemplated under this Agreement and which can be conferred upon the Distribution Franchisee under the Act. The Franchise Agreement shall be an agreement for the sale of power to the Franchisee and for any other services, such as right to use the existing distribution network. However the Equity of distribution assets shall not be transferred to the appointed Distribution Franchisee. Under this agreement, franchisor does not render any service to franchise except right to use the distribution assets in designated DF area.

Franchise Area

Shall mean the area as mentioned in the Article- 4.4 in respect of which the Distribution Franchisee shall act as a franchisee of MSEDCL.

Force Majeure

Without limiting the general limitations of liability in any way arising under this Agreement neither party is responsible for failure or delay in performance of services or obligations hereby undertaken due to occurrence of any event of force Majeure including acts of God, acts of any Government (de jure or de facto) or regulatory body or public enemy, war, riots, embargoes, industry-wide strikes, the reduction in supply due to outage of generation facilities / transmission lines or any other causes, circumstances, or contingencies, whether of a similar or dissimilar nature to the foregoing, beyond the parties control, which cannot be reasonably forecast or prevented, thereby, hindering the performance by the parties of any of their obligations hereunder.

GoM/ GoI

Means the Government of Maharashtra/ India and any Ministry, Department, or any other Authority of the Government of Maharashtra/ India.

Input Energy

Shall mean electricity purchased from and supplied by the MSEDCL at the Input Points with reference to the calculation of Input Energy as specified in Article 7.

Input Point

Shall mean EHV/HV Substations as specified in Article- 4.4 and shall include such other EHV/HV substations or feeders, which may feed energy to the Franchise Area at the Effective date or during the term of the Agreement.

Input Rate

Shall mean Rupees per unit of electricity supplied by the MSEDCL at the Input Points as quoted in the accepted Financial Proposal of the bidder for Input Energy and attached as Annexure-5.

Letter of Intent

Documentary evidence indicating the award of the Franchise to the Selected Bidder for acceptance

Law

Means, in relation to this agreement, all laws in force in India and would include any statute, ordinance, regulation, notice, circular, code, rule or direction, or any interpretation of any of them by a Governmental instrumentality and also includes all applicable Rules, Regulations, Orders, Directions, Notifications by a Governmental instrumentality pursuant to or under any of them and shall include all Rules, Regulations, Decisions, Directions and Orders of MERC.

Major Incident

Means an incident associated with the Distribution and retail supply of electricity in the Franchise Area, which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings and shall include any other incident, which MSEDCL expressly declares to be a major incident. Significant interruption of service for this purpose shall mean interruption impacting more than 10,000 Consumers continuously for a period of more than 24 hours and substantial damage to equipment shall mean damage to Distribution Assets exceeding Rs 500 Lakhs in gross value.

MERC

Shall mean the Maharashtra Electricity Regulatory Commission, or its successors.

MSEDCL Distribution Assets

Shall mean the assets created and employed by MSEDCL in the Franchise Area for distribution of electricity. These exclude all residential colonies, rest houses, freehold land, Circle offices, Zonal offices, major stores, Civil offices, Division offices of Divisions other than those included in the Franchise Area and other similar assets, which are currently in use by MSEDCL and MSETCL staff. These assets shall also exclude transformer repair and maintenance workshops in the divisions and testing units under testing division.

MSETCL

MSETCL shall mean the Maharashtra State Electricity Transmission Company Limited and its successors and assigns.

Open Access

Shall mean open access as defined in the Electricity Act 2003.

Person

Shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person.

Prudent Utility Practices

Shall mean the practices, methods and standards that are generally accepted nationally from time to time by electric utilities for the purpose of ensuring the safe and efficient distribution of electricity, operations and maintenance of Distribution Assets, billing and collection of distributed power etc.

Public Right of Way

Shall mean the surface, the air space above the surface, and the area below the surface of any public street, highway, lane, path, alley, sidewalk, bridge, tunnel, parkway, waterway, easement, or similar property within the Franchise Area, which, consistent with the purposes for which it was dedicated, may be used for the purpose of installing and maintaining the system. No reference herein to a "Public Right-of-Way" shall be deemed to be a representation or guarantee by MSEDCL that its interest or other right to control the use of such property is sufficient to permit its use for such purposes, and the Distribution Franchisee shall be deemed to gain only those rights to use as are vested in MSEDCL and as the MSEDCL may have the right and power to give.

Pass on charges

Shall mean the pass on charges of other stake holders like GENCO, TRANSCO, GOM, GOI which are approved by regulator. This component shall not be the part of ABR. It shall be accounted separately by Distribution Franchisee and the same shall be remitted to MSEDCL on charged basis as specified in Article 7 and Article 10.

Termination Payment

Shall mean the payment to be made on Termination of the Agreement by either Party to the other Party as per Article-16.

ARTICLE 2: CONDITIONS TO BE SATISFIED**2.1 CONDITIONS PRECEDENT TO BE SATISFIED BY THE DISTRIBUTION
FRANCHISEE & MSEDCL****2.1.1 Submission of Payment Security Deposit**

The Distribution Franchisee shall secure the payment security deposit by providing Standby Letter of Credit to the satisfaction of MSEDCL from any nationalized Bank for an amount equivalent to two months' estimated amount payable to MSEDCL by Distribution Franchisee based on energy input at Input Points in Franchise Area and Input Energy Rate quoted by the Distribution Franchisee for first year of Franchisee term. MSEDCL and DF shall also sign a Default Escrow Agreements and the Agreement to Hypothecate Cum Deed of Hypothecation for the purpose of collateral arrangement. This payment security mechanism shall be governed as per conditions stipulated in Article-11

2.1.2 Submission of Performance Guarantee

The Distribution Franchisee shall secure the guarantee to perform by providing Performance Guarantee to the satisfaction of MSEDCL from any Nationalized Bank of Rs 45 Cr (Rs. Forty Five Crores) on the fifth anniversary of effective date. This Performance Guarantee shall be governed as per conditions stipulated in Article 5.2 & Article 11.

2.1.3 Completion of Audit of Various Parameters

The Joint Audit Team of MSEDCL and the Distribution Franchisee shall complete an audit of the parameters listed below:

- 2.1.3.1 Opening level of Distribution Losses and Collection Efficiency;
- 2.1.3.2 Opening Asset Register including civil assets;
- 2.1.3.3 Opening level of Inventory;
- 2.1.3.4 Ongoing Contracts as on Effective Date; and
- 2.1.3.5 Demarcation of Geographical Boundary for designated Distribution Franchisee's area.
- 2.1.3.6 Confirmation regarding non existence of Crossover points.
- 2.1.3.7 Identifying and listing of all those dedicated feeders meant for areas other than designated DF area, if any.

In the cases where the opening levels cannot be ascertained, suitable mutually agreed procedures should be laid out to compute the same.

- 2.1.4** Input Prices shall not be adjusted in the event of information post-joint audit being in variance with the numbers provided in the tender document.
- 2.1.5** The authorized representatives of MSEDCL and the Distribution Franchisee shall conduct a joint Calibration of the interface meters at the Input points.
- 2.1.6** Methodology for application of price variation clause for Article 5.2.12 shall be jointly finalized.
- 2.1.7** MSEDCL shall recommend to the Government of Maharashtra for sufficient no of officers of distribution franchisee to be authorized under section 126, section 135, Section 138 and section 152 etc. of the electricity act 2003 for taking necessary action to prevent unauthorized use, theft and pilferage of electricity in franchise area. The franchise shall inform MSEDCL about the categories of the officers and relevant sections of the electricity act, 2003 for which authorization is needed.
- 2.1.8** The Joint Audit Team of MSEDCL and Distribution Franchisee shall demarcate the geographical boundary of the designated Distribution Franchise area Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-Division under Malegaon Circle and identify the consumers and establish their dwelling in the demarcated area, which are eligible to get supply from the Distribution Franchisee.
- 2.1.9** MSEDCL and Distribution Franchisee shall carryout the operations jointly for the period of maximum sixty calendar days within the designated Distribution Franchise area, prior to effective date. This joint/ parallel operations period shall be the part of the permissible period given for completion of conditions precedent. However, during the joint/ parallel operations period, the responsibility of operations and the distribution assets shall lie with MSEDCL. The entire responsibility of operations shall be formally transferred from MSEDCL to Distribution Franchisee on the Effective Date at 00:01 hrs.
- 2.1.10** All the conditions precedent stated herein above except mentioned in Article 2.1.1, Article 2.1.2 shall be satisfied within 90 (ninety) days of signing of this Agreement or such further period as may be extended by the parties mutually. The timeline for satisfying the conditions stated in Article 2.1.1 and Article 2.1.2 shall be governed by Article 11 of this Agreement. If, the Distribution Franchisee fails to satisfy Article 2.1.1 & Article 2.1.2 above, within the stipulated duration, MSEDCL shall be entitled to terminate this Agreement and encash the Bid Bond of the Distribution Franchisee at its discretion.

2.2: CONDITIONS SUBSEQUENT TO BE SATISFIED**2.2.1 Infrastructure Roll-out Plan:-**

The Distribution Franchisee shall submit preliminary Infrastructure Roll-out plan to MSEDCL stating the minimum Capital investments to be carried out in the Franchise Area over a period of 5 years from the effective date to lower the Distribution Losses and improve the quality of supply at the time of bidding. While calculating minimum capital expenditure over a period of 5 years, balance work of ongoing infrastructure schemes of MSEDCL shall be taken into consideration. This preliminary Infra Roll-out Plan to be freezed after mutual discussion between Successful Bidder and MSEDCL within one year of signing of DFA. The next five years Capital investment plan shall be submitted at the start of 6th, 11th and 16th year respectively. However, all the investments by the Franchisee shall be subject to MERC approval. MSEDCL shall arrange for approval of MERC to the Infrastructure Roll out Plan.

MSEDCL shall compensate the Distribution Franchisee as per Article 5.2 of the DFA. Notwithstanding anything contrary stated in the Agreement, any investment by the Distribution Franchisee which is not approved by the MERC shall not be compensated by MSEDCL at the expiry/ termination of the Franchise.

2.2.2 Arrears Determination:

The Joint Audit Team of MSEDCL and the Distribution Franchisee shall complete an audit of:

- 2.2.2.1 Opening level of arrears;
- 2.2.2.2 Segregation into permanently disconnected and current live arrears;
- 2.2.2.3 Ageing analysis of current live arrears up to a period of three months;
- 2.2.2.4 Credit Balance from Consumers and
- 2.2.2.5 Joint verification of permanently disconnected Consumers.

2.2.3 Methodology to compute Average Billing Rate (ABR) for each billing period for the purpose of Article-7 during the term of this Agreement shall be as per procedure and format given at Annexure-11.

2.2.4 MSEDCL shall identify the Consumers for which Service Connection Charges (SCC) has been received by it, but connections are not released. The Distribution Franchisee shall be responsible for providing connection to these Consumers. The installation material for such connections shall be issued by MSEDCL to the Distribution Franchisee and further supervision charges received from the Consumers, if any, towards such connections shall be remitted to the Distribution Franchisee.

-
- 2.2.5** Consumer data base including PD consumers as per MSEDCL IT system shall be verified and confirmed.
- 2.2.6** MSEDCL shall not draw energy from any point/ feeder/ transformer of designated Distribution Franchise area or its earmarked distribution network. However, if MSEDCL is drawing power from earmarked distribution franchisee network, same may be removed by making proper arrangement. Till such time, DF shall not claim any Wheeling charges and losses will be shared by mutually agreed arrangement.
- 2.2.7** All the conditions subsequent stated above shall be satisfied within ninety (90) days except article 2.2.5, 2.2.6 from the Effective Date or such further time as may be mutually agreed by the Parties.

ARTICLE 3: TERM OF AGREEMENT**3.1 Term of Agreement**

The term of the Distribution Franchise Agreement shall be for a period of Twenty years from the Effective Date which may be extended for 10 years at the discretion of MSEDCL. However, the terms and conditions of such Renewal shall be decided with mutual consent.

3.2. Renewal of Agreement

At the request of the Distribution Franchisee, MSEDCL may consider renewal of the Distribution Franchise Agreement and its commercial arrangement considering the prevailing economic scenario at the time of renewal (i.e. on completion of 20 years engagement period). Such decision shall be the discretion of MSEDCL, provided the Distribution Franchisee applies formally in writing for renewal one year prior to the expiry of the Franchise Agreement. MSEDCL shall communicate its decision in this respect within a period of six months of such application by the Distribution Franchisee.

The terms and conditions of such Renewal shall be decided with mutual consent.

3.3 Early Termination

This agreement can be terminated before the expiration of the Franchisee Period as per the provisions of Article-16 and Article-3.4 of this Agreement. An Independent Auditor will be appointed jointly for the finalization of termination account of Distribution Franchisee.

3.4 Event Of Abandonment

If the Distribution Franchisee ceases to operate all and/or any substantial part of the Distribution System for a period of forty-eight (48) consecutive hours without the prior written consent of MSEDCL, such an event would be termed as an event of abandonment and then MSEDCL or its designates shall be entitled to immediately enter any and/or all of the site(s) and operate the Distribution System, provided that

an event of abandonment shall not have been set to occur, if the cessation of operations has resulted from -

- (i) An event of Force Majeure or
- (ii) A scheduled outage or
- (iii) Non-supply of power by MSEDCL

It is however expressly agreed that if the Distribution Franchisee is proceeding with diligence and good faith to overcome or remedy such event and such event is overcome or remedied within a further period of forty-eight (48) hours, then such an event shall not be treated as an event of abandonment.

It is hereby expressly agreed that all third party liabilities arising out of the event of abandonment shall be borne by the Distribution Franchisee alone. The Distribution Franchisee shall indemnify and hold MSEDCL harmless against the same as provided in Articles 14.1.1. The Distribution Franchisee shall compensate MSEDCL for the losses suffered by MSEDCL, if any, as provided in Article 14.1.3.

3.5 Survival

The expiry or termination of this Agreement shall not affect accrued rights and obligations of the parties under this Agreement, nor shall it affect any continuing obligations for which this Agreement provides, either expressly or by necessary implication, the survival of, post its expiry or termination.

ARTICLE 4: GRANT OF DISTRIBUTION FRANCHISE**4.1 Grant of Franchise**

Subject to the terms and conditions of this Agreement and the Act, MSEDCL agrees to sale/ supply electricity to the Distribution Franchisee at Annual Input Rates for further distribution in the Franchise Area and the Distribution Franchisee hereby agrees that it shall perform all the obligations and accept all the liabilities of MSEDCL on behalf of Distribution Licensee for the Franchise Area. In consideration of the above, the Distribution Franchisee shall have “Right to Use” the MSEDCL Distribution Assets and all other rights, powers and authorities available to MSEDCL as a Distribution Licensee to perform its obligation under this Agreement. Distribution Franchisee however shall not be the owner of MSEDCL Distribution Assets.

4.2 Legal Status of Distribution Franchisee

The Distribution Franchisee shall be a franchisee of the MSEDCL as defined under the Act and it shall not be a licensee under Section 14 of the Act.

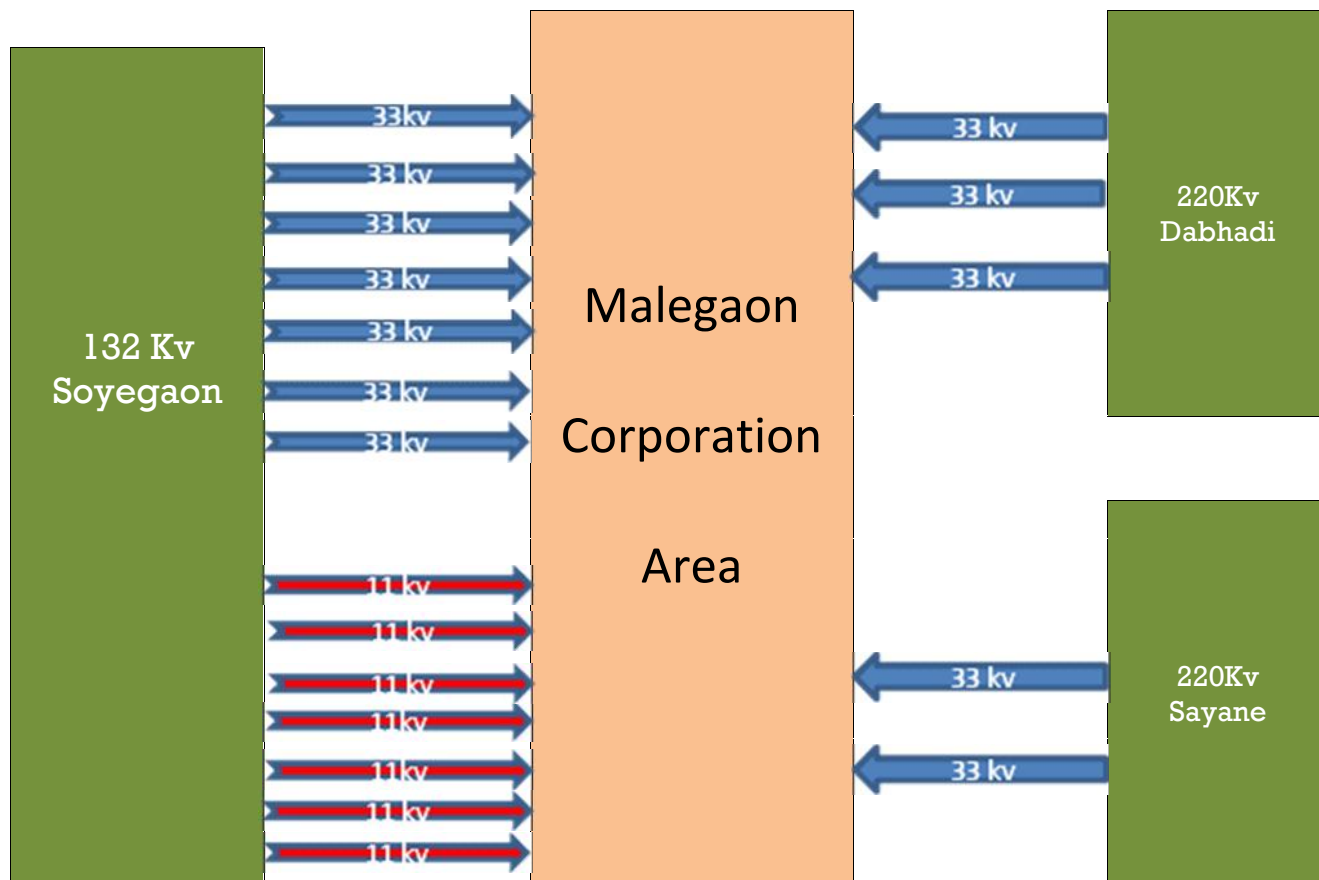
4.3 Exclusivity

The Distribution Franchisee will be the exclusive franchisee of MSEDCL in the Franchise Area. The Distribution Franchisee shall not be entitled to assign or transfer in any manner its rights and obligations under this Agreement to its affiliate or any other third party. However, the Distribution Franchisee may appoint the sub-contractor (s) for outsourcing some of its activities.

It is however clarified that the Distribution Franchisee alone shall be liable and responsible to MSEDCL for the due performance of this Agreement and any default / breach of any of the terms and conditions of this Agreement by any such sub-contractor(s) shall be deemed to be a default / breach by the Distribution Franchisee.

4.4 Franchise Area

4.4.1 The Franchise Area shall be the distribution area of Malegaon Corporation Area which comprises of Malegaon Urban I, II & III Sub-divisions and 5 villages of Malegaon Rural Sub-division under Malegaon Circle as identified by MSEDCL. This is spread over approximately 25 square kilometers.

4.4.2. Schematic Diagram of Input Feeders of Sub-Division

The power sources mentioned above currently form the Input Points for injection of electricity in the Franchise Area.

The Franchise Area as on Effective Date shall be as mentioned in the map demarcating the Franchise Area within MSEDCL area, the map indicating various areas for the purpose of tariff & duty classification and the map of existing distribution area annexed as Annexure-2 hereto.

In case the details provided in the Annexure-2 is different from the Joint Audit report, the conclusions of the Joint Audit report shall be final and Annexure -2 shall stand amended accordingly.

4.5 Effect of Acceptance

By accepting the Franchise and executing this Distribution Franchise Agreement, the Distribution Franchisee accepts and agrees to comply with the provisions of this Distribution Franchise Agreement and the Act.

4.6 Directions

Distribution Franchisee shall comply with MSEDCL directives issued for compliance of the Laws, Regulations, Orders and Directives of MERC/ GoM/ GoI.

4.7 Intent

It is the intent of both the parties that each party shall enjoy all rights and be subject to all obligations of this Distribution Franchise Agreement for the entire term of the Agreement and to the extent of any provisions that have continuing effect, after its expiration.

ARTICLE 5: ACTIVITIES OF DISTRIBUTION FRANCHISEE**5.1 'Right of Use' to MSEDCL Distribution Assets**

- 5.1.1 The Distribution Franchisee shall be entitled to use MSEDCL Distribution Assets including MSEDCL Civil Assets such as substation and office premises up to section level meant for designated DF area to perform its obligation under this Agreement. MSEDCL shall not charge any rent for the use of such assets. MSEDCL shall however, continue to be the owner of such assets.
- 5.1.2 The Taxes & any other charges levied by Govt. /Local Bodies on such assets shall be borne by Distribution Franchisee. Other service charges like electricity water, telephone bills shall also be borne by Distribution Franchisee.
- 5.1.3 Distribution Franchisee shall use and maintain such assets at its own cost to keep them in good working condition.
- 5.1.4 Distribution Franchisee shall not dispose off any assets created by MSEDCL.
- 5.1.5 If any such asset becomes unserviceable and beyond economical repair, then the same shall be deposited at the major store of the MSEDCL at Dasak Nasik Road store in as it is form, by the Distribution Franchisee at its cost and the same should be reflected in MIS report (Annexure 09) to be submitted to MSEDCL.
- 5.1.6 MSEDCL shall prepare an Asset Register of the Franchise Area, which shall be verified and signed by both the parties in compliance to the provisions of this Agreement.
- 5.1.7 On termination/ expiry of this agreement, the Distribution Franchisee shall without demur hand over physical possession/ custody of MSEDCL Distribution Assets in same condition, subject to normal wear and tear.
- 5.1.8 Any shortfall in the quantity of MSEDCL Distribution Assets verified and recorded in the joint audit report shall be recovered from the Distribution Franchisee at the cost of replacement of such asset. The Distribution Franchisee has the option to replace such missing or lost equipment (shortfall) with comparable equipment. Replacement cost shall be equal to the market value of new assets at the time of Expiry/ Termination of the Agreement.
- 5.1.9 Distribution Franchisee shall use MSEDCL IT for billing, reporting etc. and the reports generated through MSEDCL IT system will be treated as authentic. DF shall take every care to feed data properly for generation of correct reports.
- 5.1.10 If the Distribution Franchisee intends to utilize other services of MSEDCL such as Testing facilities for HT/LT metering, switching/ substations and Distribution transformers or any other technical assistance, the charges for the same shall be payable to MSEDCL. The charges for transformer repair and maintenance

workshops shall be mutually agreed by MSEDCL and the Franchisee as and when required.

- 5.1.11 If there is any dedicated feeder of MSEDCL meant for other than designated Distribution Franchisee's area and passing over (as flyover) DF's area, shall not be tapped or draw energy by DF. Such feeders can be identified by the joint audit team while fulfilling the conditions precedent. If the feeder is required to be tapped in future by Distribution franchisee then prior permission of MSEDCL will be taken by franchisee. The main metering to such an input point will be provided by MSEDCL and check metering will be provided by franchisee. However regular maintenance on such feeders upto input point shall be carried out by MSEDCL

5.2 New Capital Expenditure

- 5.2.1 The Distribution Franchisee shall plan and implement capital expenditure to improve efficiencies, upgrade infrastructure and to reduce loss throughout the term of the Agreement.
- 5.2.2 The Distribution Franchisee shall consider balance work of ongoing infrastructure schemes of MSEDCL while calculating minimum capital expenditure over a period of first 5 years, List of Ongoing works and amount of works (Rs) shall be provided to Distribution Franchisee by MSEDCL.
- 5.2.3 The Distribution Franchisee shall compulsory invest minimum Rs. 20 Cr (Rs. Twenty Crores) per year in Distribution Franchise Area towards capital investment for new electrical network for the first five years as a Committed Capex. In case of partial investment by DF against Committed Capex, balance amount will be rolled out for next year and such rollout will be continued upto five years. For remaining term of agreement (i.e. after 5 years), Distribution Franchisee shall invest minimum Rs. 3 Cr. per year. At the end of every year of operations, minimum investment made by DF will be reviewed and if DF fails to invest this amount the amount for respective year (i.e. Rs. 03 Cr for each year) shall be deducted from the Performance Guarantee mentioned in Article 11.15
- 5.2.4 Capital expenditure would be interpreted as per Indian GAAP (Generally Accepted Accounting Principles).
- 5.2.5 The cost of all such capital investment shall be borne by the Distribution Franchisee.
- 5.2.6 As far as ongoing schemes are concerned in the Franchise Area, the capital expenditure incurred for such schemes will be accounted for as MSEDCL investments.
- 5.2.7 The Distribution Franchisee shall also maintain a separate record of the Distribution Assets created by it with all details and particulars. It shall also make

entries of these assets in the asset register. The Distribution Franchisee shall take entries of only permanent nature asset in the asset register.

- 5.2.8 If any of existing MSEDCL's assets having long life (i.e. shelf life 10 Years and above), high monetary value (Purchase value Rs. 50,000/- and above), is not required by Distribution Franchisee, shall be returned back (surveyed back) to MSEDCL stores within a period of six month from effective date, in as it is condition by the Distribution Franchisee.
- 5.2.9 Quasi permanent (Used for replacement) and consumables items used/ or consumed during the period of engagement by the Distribution Franchisee, is revenue expenditure and will not be compensated on the expiry of the Agreement period, by the MSEDCL.
- 5.2.10 Upon expiry/ termination of this Agreement, Distribution Franchisee shall hand over all the MSEDCL and Franchisee Distribution Assets of Franchise Area, to MSEDCL in working condition subject to normal wear and tear. Notwithstanding anything contrary stated in the Agreement, the Distribution Franchisee shall not have a right to take back or claim these assets, whether or not the same are compensated by MSEDCL in terms of the Agreement. Upon Expiry/ Termination of this Agreement all Franchisee Distribution Assets would be vested with MSEDCL.
- 5.2.11 On the Expiry/ Termination of this Agreement, MSEDCL shall compensate Distribution Franchisee for those Distribution Assets, which are permanent in nature and added by Distribution Franchisee, to the extent funded by the Distribution Franchisee, at the depreciated value of such assets. Compensation shall be subject to MERC's approval.
- 5.2.12 Such assets in normal working condition shall be transferred to MSEDCL at the depreciated value, computed as per the costs of MSEDCL at the time of purchase and prevailing depreciation rates as approved by MERC respectively. The prevailing cost data will be applicable for calculating the transfer value.
- 5.2.13 If the new assets which are not being used in MSEDCL but procured for the use by the DF, then the evaluation of the rates of these assets will be done as follows '

If the material unit rate is more than rupees One Lakh or total purchases during the quarter is more than rupees Twenty Five Lakhs, then such item would be covered under scope of independent auditor'. The fee of such auditor shall be shared equally by both the parties. The depreciation rate for such asset, shall be taken as per the prevailing MERC approved rates.
- 5.2.14 The Distribution Franchisee shall submit details of the assets added by it on a quarterly basis for all the items.
- 5.2.15 For addition of assets or for infrastructure works, the DF shall prepare the estimate as per, the prevailing cost data of MSEDCL. For major items MSEDCL is

considering price variation as per IEEMA ((Indian Electrical & Electronics Manufactures Associations) indexation and same is applicable to DF. The lists of such items are available on MSEDCL's CPA Website:- <https://cpa1.mahadiscom.in/>

- 5.2.16 All capital investment to be made by Distribution Franchisee shall be subject to approval from MERC. The first five years Capital investment plan shall be submitted at the time of submission of bid, second, third and fourth plan shall be submitted at the start of 6th year, 11th year and 16th year respectively for the necessary approval of MERC.
- 5.2.17 Regulatory approval shall be sought for the roll out plan of capital expenditure stated by the Selected Bidder submitted as a part of the bid, after the execution of the DFA. Capital expenditure incurred by the Franchisee shall be subject to MERC's approval. MSEDCL shall arrange for the approval Infrastructure roll out plan of the Distribution Franchisee from MERC. Notwithstanding anything contrary contained in the agreement, any investment by the Distribution Franchisee which is not approved by the MERC shall not be compensated by MSEDCL at the Expiry / Termination of the Franchise.
- 5.2.18 The Distribution Franchisee shall arrange the funds required for meeting its minimum capital expenditure. However, for capital expenditure beyond minimum capital expenditure, in case there is any capital investment funding scheme like R-APDRP, IPDS, National Electricity Fund etc. proposed from Government of India or the State Government or any Department or Undertakings thereof or any multilateral funding organizations which is available to MSEDCL as Distribution Licensee at terms and conditions which, in the opinion of the Distribution Franchisee, are better than those available to it from its own sources, then at the request of the Distribution Franchisee and detailed project proposals to be prepared and submitted by the Distribution Franchisee to MSEDCL within the scope of such funding schemes, MSEDCL may avail such schemes and get the same implemented in the Franchise Area through the Distribution Franchisee. However, the Distribution Franchisee will have to arrange and meet the balance funding obligations of such schemes at its own cost and MSEDCL shall not undertake any burden, financial or otherwise, in respect of investment in such schemes.
- 5.2.19 As far as ongoing schemes are concerned, the same can be continued in DF area after effective date. But the work shall be carried out as per approved Single Line Diagram (SLD) only and Distribution Franchisee is not at liberty to change the scope/ location etc. However, for incomplete infra work of sanctioned ongoing scheme, MSEDCL will not be responsible and DF cannot claim any losses due to incomplete work.

- 5.2.20 The Distribution Franchisee has the right to mortgage only those distribution assets that are added by it.
- 5.2.21 All those assets added by the Distribution Franchisee under capital expenditure post taking over shall be audited by a reputed Independent Auditor on half yearly basis and Auditors' fee shall be equally shared by MSEDCL and Distribution Franchisee respectively. MSEDCL shall carry out the process of appointment of independent auditor in consultation with DF.
- 5.2.22 The capitalization value of assets created under capital expenditure shall be capitalized as per existing MSEDCL's circular. The capitalization value of created assets and its benefit under depreciation shall be availed by Distribution Franchisee during the period of engagement.
- 5.2.23 Distribution Franchisee would replace existing Distribution Assets of MSEDCL as per requirement. The replacement will not be treated as a capital expenditure.

However, in case of augmentation and replacement of distribution asset which has served its useful life will be treated as capital expenditure. Distribution Franchisee shall not reuse such replaced Distribution Assets and the same shall be returned to MSEDCL and should be reflected in MIS report (Annexure 09). Old replaced material may not be return to MSEDCL in case capital expenditure not claimed

5.3 Inventory of O&M Spares

- 5.3.1 MSEDCL will hand over the inventory of O&M spares in the Franchise Area to the Distribution Franchisee on the Effective Date of this Agreement for maximum three months as per requirement submitted 15 days advance requisition before effective date. The cost of such O & M spares will be charged in subsequent invoices as per the prevailing cost data of MSEDCL. Thereafter, the Distribution Franchisee shall manage O & M spares from its own resource
- 5.3.2 MSEDCL shall compensate Distribution Franchisee for taking over excess inventory of O&M spares at Termination/ Expiry of Agreement at latest acquisition price as may be applicable.

5.4 Supply of Energy

- 5.4.1 MSEDCL shall supply at Input Points the energy corresponding to input units of the Base Year i.e. 2016-17. However, this supply may vary subject to MERC Directives on load shedding. Without prejudice to the foregoing, MSEDCL shall not discriminate in the supply of power between the Franchise Area and its other Distribution Divisions. Supply of power to the Franchise Area by MSEDCL shall be as per MERC directives on load shedding.

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- 5.4.2 The Distribution Franchisee in any case must not procure the Power from other sources than MSEDCL. In case of any shortage, MSEDCL will purchase power and give it to Distribution Franchisee, as per the requirement.
- 5.4.3 The Distribution Franchisee shall not sell the Input Energy to anyone outside the Franchise Area under any circumstances.
- 5.4.4 The Distribution Franchisee shall strictly adhere to the planned load shedding schedule of MSEDCL based on directives issued by MERC. The Distribution Franchisee shall also follow the instructions of MSETCL / State Load Dispatch Centre for grid discipline.
- 5.4.5 MSEDCL shall not draw energy from any point/ feeder/ transformer of designated Distribution Franchise area or its earmarked distribution network. However, if MSEDCL is drawing power from earmarked distribution franchisee network, same may be removed by making proper arrangement. Till such time, DF shall not claim any Wheeling charges and losses will be shared between MSEDCL and DF by mutually agreed arrangement.

5.5 Liabilities and Obligations of the Distribution Franchisee

The Distribution Franchisee shall accept all liabilities and perform all obligations of the distribution licensee in the Franchise Area as a franchisee of MSEDCL, in compliance with the Law, Regulations and Directives of MERC issued from time to time as if they were to apply to licensee and directives of MSEDCL for compliance of laws, regulations, orders and directives of MERC. The broad scope of work would be as follows:

- 5.5.1 Undertake distribution & supply of power to the existing Consumers and new consumers of MSEDCL in the Franchise Area.
- 5.5.2 Undertake all Operations & Maintenance related activities in Franchise Area.
- 5.5.3 If requested by Distribution Franchisee, MSEDCL shall cancel or may authorize the Distribution Franchisee to cancel the ongoing contracts as per the terms and conditions of the contracts entered into by MSEDCL, except the contracts for capital expenditure. In such an event, MSEDCL will bear all the liabilities and third party claims accrued prior to Effective Date. Any penalty arising from the cancellation of such contracts would have to be borne by the Distribution Franchisee.
- 5.5.4 If there is delay or in case the contractor abandons the ongoing project, then MSEDCL shall not be responsible for such act and no compensation shall be allowed to Distribution Franchisee. what so ever circumstances may be.

5.5.5 Distribution Franchisee shall indicate its name as “M/s” (Name of DF) authorized Distribution Franchisee of “Maharashtra State Electricity Distribution Company Ltd.” , on any Boards, all printed stationary/formats, and for all the correspondence to the consumers of designated DF area, MSEDCL, Government and all other stakeholders .

5.5.6 Distribution Franchisee shall be the principal employer for the manpower engaged by DF in the designated DF area during DFA tenure. MSEDCL shall neither register nor sign any document as a principal employer.

5.5.7 Upon expiry/ termination of this Agreement, MSEDCL shall not take any responsibility of the employees (Other than MSEDCL employees on deputation) appointed by Distribution Franchisee during their course of operation.

5.6 Technical Duties and Responsibilities of the Distribution Franchisee

The broad duties and responsibilities would include, but not limited to, the following activities:

5.6.1 Load Forecast

The Distribution Franchisee shall carry out demand estimation/ load forecast of the Franchise Area periodically and apprise the same to MSEDCL.

5.6.2 Energy Audit

The Distribution Franchisee shall carry out energy audit on a monthly basis and submit a report of the same to MSEDCL. The methodology for the same has been enclosed at Annexure -3

5.6.3 Operations, Repair & Maintenance and Up gradation

The Distribution Franchisee shall at its own cost perform:

5.6.3.1 Operations and maintenance of Distribution Assets from the start of input feeders of Franchise Area.

5.6.3.2 Operations and maintenance of sub-stations and transformer stations.

5.6.3.3 Installation of metering devices and carry out meter reading, monitoring all feeders and distribution transformers.

5.6.3.4 Repair, maintain and replace failed distribution transformers as per MERC Supply Code and Standards of Performance.

5.6.3.5 Maintain a minimum level of rolling stock of transformers and other necessary material as per Annexure-7 enclosed.

5.6.3.6 Upgradation, renovation and maintainance of the existing distribution network/ systems/ IT assets and systems as per Prudent Utility Practices and the standards that may be prescribed by MERC.

5.6.3.7 For carrying out day-to-day maintenance work, if shutdown is required from EHV station on any feeder, the Distribution Franchisee shall apply for proper permit from the concerned MSETCL's EHV substation. Such permit shall be returned to concerned EHV substation immediately after the work is completed. The Distribution Franchisee shall also intimate schedule of planned outages to the concerned EHV substation and maintain day-to-day coordination for smooth operations of transmission network. The Distribution Franchisee shall also intimate the schedule plan load shedding to the consumer in advance.

5.6.3.8 Maintain a minimum power factor of 0.9 at the Input Points.

5.6.3.9 Distribution Transformer to be utilized in the network shall be BIS marked & BEE certified.

5.6.4 **Compliance with standards**

5.6.4.1 The Distribution Franchisee shall take all reasonable steps to ensure that all Consumers within the Franchise Area receive a safe and reliable supply of electricity as defined by MERC.

5.6.4.2 The Distribution Franchisee shall be responsible for complying with all Indian Electricity Rules, MERC/CERC Standards, Regulations and other directives as issued and modified from time to time and as applicable to any distribution licensee. Any penalty imposed by MERC or any other Government Authority on account of failure of the Distribution Franchisee in compliance shall be borne by the Distribution Franchisee. In case Distribution Franchisee fails to comply, the same shall be adjusted against the Performance Guarantee.

5.6.4.3 The Distribution Franchisee shall conduct its franchisee business in the manner, which it considers to be best calculated to achieve the Overall Performance Standards for provision of Supply of services as per MERC Electricity Supply Code and other conditions of supply Regulation, 2005 and the promotion of the efficient use of electricity by Consumers pursuant to Electricity Act 2003.

5.6.4.4 Any consequence or penalty imposed by MERC for non-compliance of Maharashtra Electricity Regulatory Commission (Standards of Performance of Distribution Licensee, Period for Giving Supply and Determination of Compensation) Regulations and the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply) Regulations, shall be borne by the Distribution Franchisee, to the extent such consequence or penalty is on account of factors attributable to the Distribution

Franchisee and shall be recovered from the Distribution Franchisee against the Performance Guarantee.

5.6.5 Consumer Service

(A) Electricity Supply Code

The Distribution Franchisee shall:

- a) Comply with Electricity Supply Code and other conditions of supply as approved and modified by MERC from time to time. Any penalty imposed by MERC for non-compliance shall be borne by the Distribution Franchisee and shall be recovered from the Distribution Franchisee against the Performance Guarantee.
- b) Bring to the notice of the Consumers the existence of the Supply Code (and conditions of supply as approved and modified by MERC from time to time), including its substantive revision and their right to inspect or obtain a copy in its latest form;
- c) Make available a copy of the Supply Code (and conditions of supply as approved and modified by MERC from time to time) revised from time to time, for inspection by the public during normal working hours; and
- d) Provide free of charge a copy of the Supply Code (and conditions of supply) as revised from time to time to each new Consumer, and to any other person who requests it at a price not exceeding the cost of duplicating it.

(B) Consumer Complaint Handling

The Distribution Franchisee shall comply with the complaint handling procedure approved by MERC. The Distribution Franchisee shall:

- a) Establish within a period of three months from the Effective Date, a Consumer service centre as per minimum specifications placed at Annexure-4 for Consumer Complaints and redressal system.
- b) Redressal commercial complaints such as those relating to security deposit, change of load category, interest, arrears, penalty, etc. and billing Complaints.
- c) Make available, on demand, a copy of the complaint handling procedure, revised from time to time, for inspection by the public at each of the relevant premises during normal working hours; and
- d) Provide free of charge a copy of the procedure revised from time to time to each new Consumer, and to any other person who requests for it at a price not exceeding the cost of duplicating it.
- e) To comply with the Orders and Directions, if given by High Court, any other Court of jurisdiction or Consumer courts, etc.
- f) The Distribution Franchisee has to setup the IGRC (Internal Grievance Redressal Cell) as per MERC (Consumer Grievance Redressal Forum and Electricity

Ombudsman) Regulations 2006 and Subsection 5 of Section 42 of Electricity Act 2003.

- g) The information pertains to distribution franchise areas like billing, recovery, collection, new connection, SOP etc shall be provided under Right to Information Act 2005 by the Distribution Franchisee. MSEDCL will appoint Public Information Officer and Appellate Authority at the designated office (Nodal) of MSEDCL to provide the said information. Any penalty arising out of delay in providing information by DF, within stipulated time period shall be borne by DF. However this article is subject to the State Information Commission / Court order.

(C) Consumer Services

The Distribution Franchisee, on request of the Consumer, to the extent that is reasonably available to the Distribution Franchisee, shall provide:

- a) Information on all services provided by the Distribution Franchisee including information on the charges, which may be available to the Consumers;
- b) Information on meter readings for the electricity services provided to the Consumer premises by the Distribution Franchisee in the Franchise Area; and
- c) Information on the status of the Consumer's account with the Distribution Franchisee.

5.6.6 Obligation to Connect Consumers

Subject to the provisions of this Agreement, the Distribution Franchisee shall have the following obligations:

- a) Subject to the provisions of the Electricity Act 2003, the Distribution Franchisee shall, on the application of the owner or occupier of any premises within the Franchise Area, give supply of electricity to such premises within one month of the application requiring such supply subject to provisions of Electricity Act 2003 and applicable Regulations of MSEDCL from time to time
- b) Distribution Franchisee shall be responsible for incurring capital expenditure in order to provide new connections in the Franchise Area. The expenditure involved in providing new connection, net of Service Connection Charges and any other contributions / charges received from the Consumer towards capital cost of providing new connection as per applicable Regulations shall form a part of the Franchisee Distribution Assets.
- c) Subject to the provisions of the Electricity Act 2003, the Distribution Franchisee may refuse to supply, or may disconnect the supply of electricity to any premises.

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- d) The Distribution Franchisee shall retain the Service Connection Charges (SCC) collected from the Consumers for giving new connections levied as prescribed by MSEDCL.
 - e) The Distribution Franchisee shall collect the Security Deposit from the Consumers for giving new connections, which shall be transferred to MSEDCL.
 - f) The applicable interest on these security deposits shall be borne by MSEDCL and the same shall be transferred to the Distribution Franchisee net of Tax deduction at source (TDS amount) to meet its obligations as per applicable regulations. The MSEDCL shall issue TDS certificate to the eligible consumers as per the applicable laws and regulations.
 - g) The adjustment against arrears on account of Consumers who are permanently disconnected by the Distribution Franchisee after the Effective Date shall be allowed from the Security Deposit of the respective Consumer after following applicable regulations. However, in case of Consumers existing on the Effective Date MSEDCL shall have the first right on the security deposit.
 - h) Distribution Franchisee in consultation and with consent of MSEDCL shall settle the PD arrears, at least up to 110% of the principal amount as per Consumer Personal Ledger (CPL) of Permanently Disconnected consumers prior to effective date and thereafter. DF shall remit the amount thus recovered to MSEDCL and feed the necessary entries to IT system to update the respective ledger. After recovery of such PD arrears, new connections may be released to such consumers MSEDCL shall pay the incentive of 25% to DF on such recovery.

5.7 Commercial Duties and Responsibilities of the Distribution Franchisee

The Distribution Franchisee shall perform in the Franchise Area:

- 5.7.1 Meter reading and billing to the Consumers as per the retail tariffs approved by MERC from time to time.
- 5.7.2 Collections from the Consumers as per the billing.
- 5.7.3 Collection of arrears on behalf of MSEDCL.
- 5.7.4 Make timely payments to MSEDCL as per the terms and conditions of this Agreement.
- 5.7.5 Replace defective meters with new meters..
- 5.7.6 Maintain Consumer database and billing records and further submission to MSEDCL.

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- 5.7.7 Initiate necessary action, in accordance with the procedure for theft detection, disconnection and control of commercial losses as defined in Electricity Act 2003 and applicable MERC Regulations and Directives.
- 5.7.8 Discharge all duties and responsibilities of MSEDCL as the distribution licensee as required by the License Regulations of the MERC except such of the conditions, which cannot be complied with by the Distribution Franchisee alone.
- 5.7.9 Undertake any other activity as may be notified from time to time by MERC to the distribution licensee.

5.8 Duties and Responsibilities of MSEDCL

The broad duties and responsibilities of MSEDCL would include, but not limited to, the following activities:

- 5.8.1 MSEDCL shall ensure the supply of power to Distribution Franchisee of acceptable quality standards as per Article 5.4
- 5.8.2 MSEDCL shall communicate to Distribution Franchisee any shortfall or inability to supply, the power requirements of the Distribution Franchisee.
- 5.8.3 MSEDCL shall carry out meter reading jointly with Distribution Franchisee on a weekly / monthly basis at Input Points of the Franchise Area for the purpose of invoice calculation.
- 5.8.4 MSEDCL shall support the Distribution Franchisee initiatives to adopt innovative practices to bring about effectiveness and efficiency in electricity distribution business.

ARTICLE 6: METERING AND MEASUREMENT**6.1 Metering System:**

- 6.1.1 The Distribution Franchisee shall install and operate the Check Metering system in accordance with this Article 6 and Central Electricity Authority (Installation and Operations of Meters) Regulations, 2006. In addition to the existing Main Meters at each of the Input Points, the Distribution Franchisee shall also provide a check meter at each of them.
- 6.1.2 Installation and timely replacement of main meters as required to directly measure energy input in the Franchise Area shall be the responsibility of MSEDCL/ STU/ CTU as the case may be.

6.2 Inspection and Testing of Meters

- 6.2.1 MSEDCL/ MSETCL and DF shall jointly inspect and if necessary, recalibrate the metering system on a regular basis but in any event, at least once every three (3) months or at a shorter interval at the request of any of the three parties.
- 6.2.2 Each Meter comprising the metering system shall be sealed by MSEDCL, Distribution Franchisee and MSETCL, and shall not be opened, tested or calibrated except in the presence of all the parties.

6.2.3 Inaccuracy of Meters

In case the difference between the readings of the main meter and the check meter for any calendar month is within 0.5%, the reading of the main meter shall be taken as final. If however, the variation exceeds $\pm 0.5\%$, the final value shall be arrived at as per the procedure, laid down as below.

Whenever difference between the readings of the Main meter and the Check meter for any month is more than 0.5%, the following steps shall be taken
Checking of CT and PT connections

- a) Calibration of interface meters at site with reference standard meter of accuracy class higher than the meter under test.
- b) On carrying out the re-calibration of the main meter, if it is discovered that either the percentage of inaccuracy exceeds $\pm 0.5\%$ or that the main meter is not working, the following procedure in order of priority, whichever is feasible, for arriving at the computation of quantity of energy during the period between the last calibration and the present, shall be followed:
 - i. on the basis of the readings of the check meter if installed and functioned accurately; or
 - ii. by correcting the error if the percentage of error is ascertainable of calibration, tests or mathematical calculation; or

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- iii. By estimating the volume of energy delivered based on the meter reading on the upstream of the network i.e. energy reading of meters installed on LV side of the power transformers or HV side of the transformer.
 - c) The correction to the quantity of energy injected shall apply to the following periods (hereinafter referred to as the "Correction Period"):
 - i. to any period of time during which the main meter was known to be malfunctioning or to which the parties mutually agree;
 - ii. if the period during which the main meter was malfunctioning is not known or is not agreed to between the parties, the correction shall be applicable for a period equal to half the time elapsed since the date of the preceding calibration test, provided that under no circumstance shall the Correction Period exceed one month.
 - d) If the difference exists even after such checking or testing, then the defective meter shall be replaced with a correct meter.
 - e) In case of conspicuous failures like burning of meter and erratic display of metered parameters and when the error found in testing of meter is beyond the permissible limit of error provided in the relevant standard, the meter shall be immediately replaced with a correct meter.
 - f) In case where both the Main meter and Check meter fail, at least one of the meters shall be immediately replaced by a correct meter.

6.4 Measurement

- 6.4.1 Distribution Franchisee shall carry out weekly meter readings jointly with MSEDCL at Input Points at 1300 hours on 1st, 7th, 14th, and 21st day of each calendar month and intimate the same to MSEDCL by 1700 Hrs on the same day for the purpose of invoice calculation.
- 6.4.2 A joint meter reading by both the parties shall be carried out on the 0.00 Hrs on the Effective Date.
- 6.4.3 A joint meter reading by both the parties shall be carried out on the last day of every calendar month at 1300 Hrs w.e.f the Effective Date. Adjustments, if any, shall be carried out in the successive month payments mentioned in Article 7 based on the aforementioned meter reading.
- 6.4.4 MSEDCL shall raise invoices as mentioned in Article 7 based on input units measured by Distribution Franchisee as specified in previous Article.
- 6.4.5 Until 0.2s Class meters are installed as main meters, the reading of check meter shall be used for billing, provided the check meters are of 0.2s accuracy class.
- 6.4.6 All the feeders feeding to Distribution Franchise area shall have Main and Check meters installed at the point of origin (i.e. at EHV/ HV sub-stations level).

ARTICLE 7: BILLING AND PAYMENT**7.1 Billing**

The billing mentioned in this Article shall be governed as per article 6.4 and the invoice will be issued on the next day of measurement for Input Energy at Input Points only. The Distribution Franchisee shall provide valid email address to facilitate MSEDCL in sending the soft copy of the invoice. Once the invoice sent by MSEDCL via email, it will be considered as issue of invoice.

7.1.1 Monthly Invoice

The First Invoice raised by MSEDCL on the Distribution Franchisee shall correspond to the energy input between 1st to last day of the calendar month from the Effective Date and shall be computed as below:

$$\text{Monthly Invoice} = (\text{RIE}_M + \text{ED}_{RM} + \text{TOSE}_M + \text{SDN}_M + \text{P} + \text{PC}) - (\text{S}_M + \text{CARPD}_{RM} + \text{CARCL}_{RM})$$

Where:

RIE_m = Revenue for Input Energy for the month

It shall be computed as below:

$$\text{RIE}_M = \text{EI}_M \times \text{AIR}_N \times \text{TIR}_N$$

Where,

EI_M= Energy input in the Franchise Area during the month, which shall be the energy purchased from MSEDCL.

AIR_N= Annualized Input Rate applicable for the year as per Annexure-5

$$\text{TIR}_N = \text{ABR}_N / \text{ABR}_{\text{Base Year}}$$

Tariff Indexing Ratio applicable to the billing period, calculated as ratio of prevailing Average Billing Rate (ABR) for that billing period as applicable to all Consumers in the Franchise Area (**ABR_N**) and Average Billing Rate (**ABR_{Base Year}**) as applicable to all Consumers in the Franchise Area in Base Year. Average Billing Rate shall be computed as per Article 1 and format annexed at Annexure 11. The Tariff Indexing Ratio shall be computed for every month and the same shall be used for computation of the revenue for Input Energy for units supplied to the Distribution Franchisee in the respective calendar month. The procedure for calculation and application of Tariff Indexation is described in Annexure-10. Approved Tariff for this purpose shall mean the HT/ LT tariff and the applicable FOCA approved by MERC.

The indexation shall be based on the change of tariff as applicable to all the HT/LT MSEDCL consumers in the Distribution Franchisee Area.

For the purpose of computation of indexation ratio, Average Billing Rate (ABR) as applicable to all MSEDCL Consumers in Distribution Franchisee area for the base year shall be Rs. 6.0205 per unit. This figure is fixed for twenty (20) years. The ABR of successive months (i.e. during DF's operations' period) after Effective date shall be audited by a reputed Independent Auditor monthly, for the entire period of engagement. The Independent Auditor shall be appointed by MSEDCL with mutual consent of DF. The auditor's fee for such audit shall be shared equally by the DF and MSEDCL. Independent Auditor's report shall be binding on both MSEDCL and Distribution Franchisee.

ED_{RM} is the Electricity Duty charged (collected) to the consumers as per applicable Law (Bombay Electricity Duty Act, 1958) during the billing period

TOSE_M is the Tax on Sale of Electricity charged to the consumers as per applicable Law during the billing period

SDN_M is the Security Deposit collected for new connections issued during the period and for which information has been received as per Article-13.1

P is the penalty leviable on the Distribution Franchisee for delay on account of previous payments and shall be computed @18% per annum quarterly compounded on the outstanding amount.

PC is Pass on charges means the pass on charges of other stake holders like GENCO, TRANSCO, GOI, GOM which are approved by regulator and has to be recovered through electricity bills of consumers of MSEDCL. Such recovered charges are to be pass on to the stake holders in total. It will be responsibility of Distribution Franchisee to recover these charges from consumers and remit it to MSEDCL. MSEDCL in turn will pass on these charges to concerned stake holder. Such component shall not be taken into account in calculation of ABR. It shall be accounted separately by Distribution Franchisee and the same shall be remitted to MSEDCL on charged basis as specified in Article 7 and Article 10.

CARPD_{RM} is the Credit available to the Distribution Franchisee for incentive on account of arrears from the permanently disconnected Consumers collected and remitted to MSEDCL during this billing cycle and shall be computed as below:

$$\mathbf{CARPD_{RM} = 0.25 \times ARPD_{RM}}$$

Where ARPD_{RM} is the amount of arrears on account of permanently disconnected Consumers prior to the Effective Date collected and remitted by the Distribution Franchisee to MSEDCL during this billing cycle. These incentives shall be

applicable for the entire period of Agreement from the effective date. Applicability of such credits shall be governed by Article 8.

CARCL_{RM} is the Credit Available to the Distribution Franchisee for incentive on account of arrears from the current live Consumers collected and remitted during this billing cycle and shall be computed as below:

$$\mathbf{CARCL_{RM} = 0.1 \times ARCL_{RM}}$$

Where ARCL_{RM} is the amount of arrears on account of current live Consumers, accrued three months prior to the Effective Date collected and remitted by the Distribution Franchisee to MSEDCL during this billing cycle. This incentive shall be applicable for the entire period of Agreement from the effective date. Applicability of such credits shall be governed by Article 8.

SM is the subsidy provided to subsidize Consumers in the Franchise Area for which energy bills have been raised to Consumers during this period. However, if the processing cycles which are overlapping the period before effective date and after effective date, such subsidy amount shall be adjusted on a pro-rata basis. The treatment of subsidy shall be governed by Article 9 of this document.

Treatment for Subsidy: - Distribution Franchisee shall submit a consolidated subsidy claim to MSEDCL on completion of a month. The same shall be audited by MSEDCL and provisional credit shall be allowed in the successive month's invoices accordingly. However, this shall be audited by the Independent Auditor on monthly basis and the Audited figure shall be the binding on both the parties. The Independent Auditor shall be appointed by MSEDCL with the consent of DF.

7.1.2 Fortnightly Invoice

The Second and Third Invoice raised by MSEDCL on the Distribution Franchisee shall correspond to the energy input between 31st and 45th day from the Effective Date and 46th and 60th day from the Effective Date and shall be computed as below:

$$\mathbf{Fortnightly\ Invoice = (RIE_F + ED_{RF} + TOSE_F + SDN_F + P + PC) - (S_F + CARPD_{RF} + CARCL_{RF})}$$

Where:

RIE_F = Revenue for Input Energy for the fortnight

It shall be computed as below:

$$\mathbf{RIE_F = EI_F \times AIR_N \times TIR_N}$$

Where,

EI_F = Energy input in the Franchise Area during the fortnight, which shall be the energy purchased from MSEDCL.

AIR_N = Annualized Input Rate applicable for the year as per Annexure-5

$$\mathbf{TIR_N = ABR_N / ABR_{Base\ Year}}$$

Tariff Indexing Ratio applicable to the billing period, calculated as ratio of prevailing Average Billing Rate (ABR) for that billing period as applicable to all Consumers in the Franchise Area (ABR_N) and Average Billing Rate ($ABR_{Base\ Year}$) as applicable to all Consumers in the Franchise Area in Base Year. Average Billing Rate shall be computed as per Article 1 and format annexed at Annexure 11. The Tariff Indexing Ratio shall be computed for every month and the same shall be used for computation of the revenue for Input Energy for units supplied to the Distribution Franchisee in the respective calendar month. The procedure for calculation and application of Tariff Indexation is described in Annexure-10. Approved Tariff for this purpose shall mean the HT/ LT tariff and the applicable FOCA approved by MERC.

The indexation shall be based on the change of tariff as applicable to all the HT/LT MSEDCL consumers in the Distribution Franchisee Area.

For the purpose of computation of indexation ratio, Average Billing Rate (ABR) as applicable to all MSEDCL Consumers in Distribution Franchisee area for the base year shall be Rs. 6.0205 per unit. This figure is fixed for twenty (20) years. The ABR of successive months (i.e. during DF's operations' period) after Effective date shall be audited by a reputed Independent Auditor monthly, for the entire period of engagement. The Independent Auditor shall be appointed by MSEDCL with mutual consent of DF. The auditor's fee for such audit shall be shared equally by the DF and MSEDCL. Independent Auditor's report shall be binding on both MSEDCL and Distribution Franchisee.

ED_{RF} is the Electricity Duty charged (collected) to the consumers as per applicable Law (Bombay Electricity Duty Act, 1958) during the billing period

TOSE_F is the Tax on Sale of Electricity charged to the consumers as per applicable Law during the billing period

SDN_F is the Security Deposit collected for new connections issued during the period and for which information has been received as per Article-13.1

P is the penalty leviable on the Distribution Franchisee for delay on account of previous payments and shall be computed @18% per annum quarterly compounded on the outstanding amount.

PC is Pass on charges means the pass on charges of other stake holders like GENCO, TRANSCO, GOI, GOM which are approved by regulator and has to be recovered through electricity bills of consumers of MSEDCL. Such recovered charges are to be pass on to the stake holders in total. It will be responsibility of Distribution Franchisee to recover these charges from consumers and remit it to MSEDCL. MSEDCL in turn will pass on these charges to concerned stake holder. Such component shall not be taken into account in calculation of ABR. It shall be accounted separately by Distribution Franchisee and the same shall be remitted to MSEDCL on charged basis as specified in Article 7 and Article 10.

CARPD_{RF} is the Credit available to the Distribution Franchisee for incentive on account of arrears from the permanently disconnected Consumers collected and remitted to MSEDCL during this billing cycle and shall be computed as below:

$$\mathbf{CARPD_{RF} = 0.25 \times ARPD_{RF}}$$

Where ARPD_{RF} is the amount of arrears on account of permanently disconnected Consumers prior to the Effective Date collected and remitted by the Distribution Franchisee to MSEDCL during this billing cycle. These incentives shall be applicable for the entire period of Agreement from the effective date. Applicability of such credits shall be governed by Article 8.

CARCL_{RF} is the Credit Available to the Distribution Franchisee for incentive on account of arrears from the current live Consumers collected and remitted during this billing cycle and shall be computed as below:

$$\mathbf{CARCL_{RF} = 0.1 \times ARCL_{RF}}$$

Where ARCL_{RF} is the amount of arrears on account of current live Consumers, accrued three months prior to the Effective Date collected and remitted by the Distribution Franchisee to MSEDCL during this billing cycle. This incentive shall

be applicable for the entire period of Agreement from the effective date. Applicability of such credits shall be governed by Article 8.

S_F is the subsidy provided to subsidize Consumers in the Franchise Area for which energy bills have been raised to Consumers during this period. However, if the processing cycles which are overlapping the period before effective date and after effective date, such subsidy amount shall be adjusted on a pro-rata basis. The treatment of subsidy shall be governed by article 9 of this document.

Treatment for Subsidy: - Distribution Franchisee shall submit a consolidated subsidy claim to MSEDCL on completion of a month. The same shall be audited by MSEDCL and provisional credit shall be allowed in the successive month's invoices accordingly. However, this shall be audited by the Independent Auditor on monthly basis and the Audited figure shall be the binding on both the parties. The Independent Auditor shall be appointed by MSEDCL with the consent of DF.

7.1.3 Weekly Invoice

Subsequent to the third invoice, MSEDCL shall raise weekly invoices commencing from the first of every calendar month and for the remaining period in the calendar month for which the second invoice has been issued. However, the invoice for the fourth week of the month shall be issued for the charges of the remaining days in the calendar month as illustrated below:

No. of days in the month	Duration of the last Invoice	No. of days billed
31	22 nd Day-31 st Day	10
30	22 nd Day-30 th Day	9
29	22 nd Day- 29 th Day	8
28	22 nd Day-28 th Day	7

The Weekly Invoice to be raised by MSEDCL on the Distribution Franchisee shall be calculated as below:

$$\text{Weekly Invoice} = (\text{RIE}_W + \text{ED}_{RW} + \text{TOSE}_W + \text{SDN}_W + \text{P+PC}) - (\text{S}_W + \text{CARPD}_{RW} + \text{CARCL}_{RW})$$

Where:

RIE_W = Revenue for Input Energy for the week

It shall be computed as below:

$$RIE_w = EI_w \times AIR_N \times TIR_N$$

Where,

EI_w = Energy input in the Franchise Area during the week, which shall be the energy purchased from MSEDCL.

AIR_N = Annualized Input Rate applicable for the year as per Annexure-5

$$TIR_N = ABR_N / ABR_{Base\ Year}$$

Tariff Indexing Ratio applicable to the billing period, calculated as ratio of prevailing Average Billing Rate (ABR) for that billing period as applicable to all Consumers in the Franchise Area (ABR_N) and Average Billing Rate ($ABR_{Base\ Year}$) as applicable to all Consumers in the Franchise Area in Base Year. Average Billing Rate shall be computed as per Article 1 and format annexed at Annexure 11. The Tariff Indexing Ratio shall be computed for every month and the same shall be used for computation of the revenue for Input Energy for units supplied to the Distribution Franchisee in the respective calendar month. The procedure for calculation and application of Tariff Indexation is described in Annexure-10. Approved Tariff for this purpose shall mean the HT/ LT tariff and the applicable FOCA approved by MERC

The indexation shall be based on the change of tariff as applicable to all the HT/LT MSEDCL consumers in the Distribution Franchise Area.

For the purpose of computation of indexation ratio, Average Billing Rate (ABR) as applicable to all MSEDCL Consumers in Distribution Franchise area for the base year shall be Rs. 6.0205 per unit. This figure is fixed for twenty (20) years. The ABR of successive months (i.e. during DF's operations period) after Effective date shall be audited by a reputed Independent Auditor monthly, for the entire period of engagement. The Independent Auditor shall be appointed by MSEDCL with mutual consent of DF. The auditor's fee for such audit shall be shared equally by the DF and MSEDCL. Independent Auditor's report shall be binding on both MSEDCL and Distribution Franchisee.

ED_{rw} is the Electricity Duty charged (Collected) to the consumers as per applicable Law (Bombay Electricity Duty Act, 1958) during the billing period

TOSE_w is the Tax on Sale of Electricity charged to the consumers as per applicable Law during the billing period

SDN_w is the Security Deposit collected for new connections issued during the period and for which information has been received as per Article-13.1

P is the penalty leviable on the Distribution Franchisee for delay on account of previous payments and shall be computed @18% per annum quarterly compounded on the outstanding amount.

PC is Pass on charges means the pass on charges of other stake holders like GENCO, TRANSCO, GOI, GOM which are approved by regulator and has to be recovered through electricity bills of consumers of MSEDCL. Such recovered charges are to be pass on to the stake holders in total. It will be responsibility of Distribution Franchisee to recover these charges from consumers and remit it to MSEDCL. MSEDCL in turn will pass on these charges to concerned stake holder. Such component shall not be taken into account in calculation of ABR. It shall be accounted separately by Distribution Franchisee and the same shall be remitted to MSEDCL on charged basis as specified in Article 7 and Article 10.

CARPD_{rw} is the Credit available to the Distribution Franchisee for incentive on account of arrears from the permanently disconnected Consumers collected and remitted to MSEDCL during this billing cycle and shall be computed as below:

$$\mathbf{CARPD_{rw} = 0.25 \times ARPD_{rw}}$$

Where ARPD_{rw} is the amount of arrears on account of permanently disconnected Consumers prior to the Effective Date collected and remitted by the Distribution Franchisee to MSEDCL during this billing cycle. These incentives shall be applicable for the entire period of Agreement from the effective date. Applicability of such credits shall be governed by Article 8.

CARCL_{rw} is the Credit Available to the Distribution Franchisee for incentive on account of arrears from the current live Consumers collected and remitted during this billing cycle and shall be computed as below:

$$\mathbf{CARCL_{RW} = 0.1 \times ARCL_{RW}}$$

Where $ARCL_{RW}$ is the amount of arrears on account of current live Consumers, accrued three months prior to the Effective Date collected and remitted by the Distribution Franchisee to MSEDCL during this billing cycle. These incentives shall be applicable for the entire period of Agreement from the effective date. Applicability of such credits shall be governed by Article 8.

S_w is the subsidy provided to subsidize Consumers in the Franchise Area for which energy bills have been raised to Consumers during this period. However, if the processing cycles which are overlapping the period before effective date and after effective date, such subsidy amount shall be adjusted on a pro-rata basis. The treatment of subsidy shall be governed by article 9 of this document.

Treatment for Subsidy: - Distribution Franchisee shall submit a consolidated subsidy claim to MSEDCL on completion of a week. The same shall be audited by MSEDCL and provisional credit shall be allowed in the successive month's invoices accordingly. However, this shall be audited by the Independent Auditor on monthly basis and the Audited figure shall be the binding on both the parties. The Independent Auditor shall be appointed by MSEDCL with the consent of DF.

7.1.4 **Consumer Bill contents**

The consumer bill proposed to be distributed by the Distribution Franchisee shall provide the information to the consumers on arrears in the main bill as (a) arrears before the effective date , (b) arrears after effective date and (c) indicate "M/s " (Name of DF) is authorized Distribution Franchisee of "Maharashtra State Electricity Distribution Company Ltd." .

7.2 **Payment**

Distribution Franchisee shall make the payment to MSEDCL in the following manner for the entire period of agreement:

- 7.2.1 Distribution Franchisee shall maintain a record of total amount collected from Consumers against HT/ LT energy billed security deposit and taxes & duties levied as applicable and intimate the same to MSEDCL as per Article 13.
- 7.2.2 DF shall deposit the entire amount collected from all consumers of DF area in one Bank account only. DF shall notify such Bank Account details to MSEDCL prior to signing of Escrow Agreement. DF shall provide Escrow arrangement of this Bank Account for the amount collected from the consumers to safeguard the payment of invoices to be made by DF to MSEDCL from the effective date. The said Escrow agreement will be signed by DF one month prior to effective date as per the format given in Annexure 12.

- 7.2.3 Distribution Franchisee shall make the payments within a week of issue of invoice.
- 7.2.4 If any of the due dates is a public holiday, the payment shall be remitted on the next working day of MSEDCL.
- 7.2.5 The Distribution Franchisee may be required to provide credit to some HT/ LT Consumers under relevant Directives/ Orders/ Policies of MERC, GOM, GOI if any.
- 7.2.6 In the event that any HT/ LT Consumer in the Franchise Area avails Open Access under the extant Regulations and for existing open access consumers the Distribution Franchisee shall retain the cross-subsidy surcharge. Distribution Losses on account of consumption of such consumers shall be apportioned between DF & MSEDCL by mutually agreed formula. Also wheeling charges for using the Distribution System shall be apportioned between MSEDCL and the Distribution Franchisee on the basis of a mutually agreed formula. However additional surcharges, if any, shall be remitted to MSEDCL along with the regular payments. The contractual provisions for open access apply to all the existing and consumers that come up after the effective date. However, grant of open access to all existing and prospective consumers will be at the sole discretion of MSEDCL. The distribution Franchise shall not claim for loss in sale units due to Open Access.
- 7.2.7 Roof top Solar Scheme and other stipulations on Renewable Energy (RE) shall be implemented as per the MERC/MSEDCL Prevalent regulations / Policy / Guidelines and amendments in the said policy from time to time are applicable to Distribution Franchisee.
- 7.2.8 Distribution Franchisee shall collect and remit to MSEDCL, the arrears (receivable) from current live Consumers accrued in last one month prior to Effective Date within three months of Effective Date in accordance with Article-8.4.
- 7.2.9 Distribution Franchisee shall collect and remit to MSEDCL, the arrears (receivable) from current live Consumers accrued for the duration between three months and one month prior to Effective Date within six months of Effective Date in accordance with Article-8.5.
- 7.2.10 Upon recovery of the arrears, Distribution Franchisee shall, within 7 (seven) days, provide the details of collection and make such payment to MSEDCL.
- 7.2.11 MSEDCL shall give credit to Distribution Franchisee towards the incentive on collection of arrears after receipt of such amount and documentary details from Distribution Franchisee. This credit shall be provided in the subsequent invoice raised as per Article 7.1. Applicability of such credit shall be governed by Article 8.

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- 7.2.12 The Distribution Franchisee shall also timely remit to MSEDCL any other charges arising from the execution of the contract such as charges towards use of testing facilities or any other charges of such nature as per Article 5.1.10.
- 7.2.13 The payment to be made by Distribution Franchisee against invoice as mentioned in Article 7.1 shall be net of subsidy amount. The subsidy amount shall commensurate with the documentation provided by Distribution Franchisee for subsidy claim for the period and shall be governed by Article 9.
- 7.2.14 MSEDCL shall give credit to the Distribution Franchisee for the outstanding credit balance of Consumers as determined in the joint audit process, upon the Distribution Franchisee providing such credit to Consumers. The credit shall be provided in the subsequent invoice raised by MSEDCL and shall be subject to appropriate documentation and audit verification.
- 7.2.15 Any delay in payment to MSEDCL after due date shall attract a penal interest of 18% per annum quarterly compounded. Any early full payment of invoice within 03 days of invoice issue date by the franchisee shall carry a rebate @ 1.5% on the amount payable to MSEDCL by the Distribution Franchisee. However, no rebate is applicable if there are outstanding dues.
- 7.2.16 In case of a shortfall or default in payment by Distribution Franchisee against the payment obligation as per earlier Article or penalties against non compliance of SOPs or any other failures, MSEDCL may recover such amount by invocation of standby Letter of Credit given by the Distribution Franchisee to secure performance guarantee.
- 7.2.17 Distribution Franchisee shall be responsible for payment of all taxes, duties, and statutory /local levies arising as a result of commercial transaction under this contract. MSEDCL shall not be responsible for any tax related liability. However, any change in taxes/ duties/ statutory levies can be collected from Consumers through change in tariff subject to MERC's approval. All payments to MSEDCL shall be inclusive of taxes.
- 7.2.18 The money collected by the Distribution Franchisee shall be adjusted against the current billing of Distribution Franchisee, Distribution Franchisee arrears (which refer to arrears that arose during the term of the Franchise Agreement) and MSEDCL arrears (which refer to arrears that arose prior to the Effective date) in that order. However, the Distribution Franchisee shall not be permitted to keep any advance amount without adjusting against all pending MSEDCL arrears, if any. It is hereby clarified that if the amount paid by the consumer against a bill is more than his current bill amount and arrears of Distribution Franchisee, then the balance amount, after adjusting the current dues and DF arrears, shall be adjusted against the arrears of MSEDCL.
- 7.2.19 DF shall be the sole party responsible for ensuring supply of energy to and collection of bills from all consumers. MSEDCL does not intend to exempt any

category of consumers including state and central government from such responsibility of the DF.

- 7.2.20 Distribution Franchisee shall recover the compounding charges against theft of electricity in DF area and remit the same to MSEDCL for further remittance to GoM.
- 7.2.21 In case of theft cases the recovery towards Assessment before effective date shall be remitted to MSEDCL, DF shall be given 10% incentive on this amount. Assessment after effective date shall be retained by DF. Necessary B-80 adjustments shall be fed to IT in the respective Processing Cycle. Assessment units and amount received excluding penalty under section 126 and under section 135 to be considered in ABR calculations.

ARTICLE 8: ARREARS

- 8.1** Arrears have been classified in two categories:
- a)** Arrears from connected live Consumers and
 - b)** Arrears from Permanently Disconnected (PD) Consumers
- 8.2** The connected live Consumers are those, which are currently legally connected to the distribution network of the Franchise Area. Whereas permanently disconnected Consumers are no longer connected with the distribution network.
- 8.3** Distribution Franchisee should maintain separate accounts for collection from arrears and collection on account of demand to Consumers for electricity supplied from the Effective Date. MSEDCL shall transfer the right to collect the arrears to Distribution Franchisee on the Effective Date and the Distribution Franchisee and MSEDCL shall unfailingly follow the procedure attached at Annexure 6 for collection of arrears.
- 8.4** Distribution Franchisee shall be liable to collect the arrears from current live consumers accrued in last one month on account of charges for usage of electricity prior to Effective Date. These arrears shall be collected and remitted to MSEDCL by Distribution Franchisee within 03 months of effective date. The Distribution Franchisee shall collect and remit amount at least equivalent to 100% collection efficiency including the amount already recovered. However, these arrears shall be verified and audited by joint audit team of MSEDCL and DF within three months from effective date.
- 8.5** Distribution Franchisee shall also be liable to collect the arrears from current live Consumers accrued for the duration between three months and one month prior to Effective Date on account of charges for usage of electricity prior to Effective Date. These arrears shall be verified and audited by joint audit of team of MSEDCL and DF within five months from effective date. These arrears shall be collected and remitted to MSEDCL by Distribution Franchisee within six months of Effective Date. The Distribution Franchisee shall collect and remit amount at least equivalent to 100% collection efficiency including the amount already recovered.
- 8.6** Distribution Franchisee shall make best endeavor to collect the arrears from current live Consumers accrued before three months on account of charges for usage of electricity prior to Effective Date. MSEDCL shall offer an incentive to Distribution Franchisee towards collection of such arrears @ 10% of total amount net of taxes and duties recovered from Consumers which shall be governed as per article 7. MSEDCL shall not share any expenses, costs incurred by the Distribution Franchisee for such recovery. Such incentive shall be offered for the entire period of agreement.
- 8.7** Arrears on account of connected live Consumers, which are currently under any dispute or in the process of litigation on Effective Date, shall not to be transferred

to Distribution Franchisee for recovery. The responsibility to recover such arrear shall rest with MSEDCL. The details are governed as per Annexure 6 of DFA.

- 8.8** Distribution Franchisee shall make best endeavor to collect the arrears accrued prior to Effective Date from PD Consumers. MSEDCL shall offer an incentive to Distribution Franchisee towards collection of such arrears @ 25% of total amount net of taxes and duties recovered from Consumers. Such incentive shall be offered for the entire period of agreement. MSEDCL shall not share any expenses, costs incurred by the Distribution Franchisee for such recovery.
- 8.9** Arrears realized from the forfeiture or adjustment against security deposit from Consumers shall not be eligible for the incentives stated in this Article.
- 8.10** Upon recovery of the arrears, Distribution Franchisee shall, within 7 (seven) days, provide the detail of collection and make such payment to MSEDCL.
- 8.11** Upon expiry / termination, Distribution Franchisee shall not transfer to MSEDCL any arrears accrued during the term except the arrears accrued in last one month prior to the expiry / termination date of this agreement equivalent 100% collection efficiency including the amount already recovered. These arrears accrued in last month shall be jointly determined and agreed by MSEDCL and the Distribution Franchisee and shall be collected and remitted by MSEDCL to the Distribution Franchisee within three months of Expiry / Termination Date
- 8.12** Arrears accrued during the term of Agreement prior to one month of Expiry/ Termination shall also be passed on to the Distribution Franchisee as and when collected by MSEDCL. However, MSEDCL shall not be under any obligation to collect such arrears. The Distribution Franchisee shall also give incentive to MSEDCL towards collection of such arrears as @ 10% of arrears recovered net of taxes and duties for the period three months prior to the Expiry Date from current live Consumers and @ 25% of arrears recovered net of taxes and duties from permanently disconnected Consumers to MSEDCL.
- 8.13** The Distribution Franchisee in consultation and with consent of MSEDCL shall settle the PD arrears, at least up to 110% of the principal amount as per Consumer Personal Ledger (CPL) of Permanently Disconnected consumers prior to effective date and thereafter. DF shall remit the amount thus recovered to MSEDCL and fed the necessary entries to IT system to update the respective ledger. After recovery of such PD arrears, new connections may be released to such consumers. MSEDCL shall pay the incentive of 25% to DF on such recovery. Distribution Franchisee shall provide periodic information on status of permanently disconnected Consumers. Further, there shall be a joint inspection of permanently disconnected Consumers at quarterly intervals with a methodology which shall be jointly decided. If at any stage, such a connection comes to the notice of MSEDCL, the Distribution Franchisee shall immediately disconnect the electric supply to such Consumer. MSEDCL and Distribution Franchisee shall jointly defend the legal cases arising out of such an action by the Distribution Franchisee. Distribution Franchisee shall bear the associated costs.

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- 8.14** Notwithstanding anything contained herein, the legal rights of MSEDCL to recover the outstanding arrears from the Franchise Area shall also survive the Term of this Agreement.
- 8.15** Notwithstanding anything contained herein, the legal rights of Distribution Franchisee to recover the outstanding arrears accrued during the term of the Agreement from the Franchise Area shall also survive the Term of this Agreement.

ARTICLE 9: PROVISION FOR SUBSIDY

In addition to the provisions stated in Article 7, the Subsidy shall be governed by the following:

- 9.1 The Government of Maharashtra (GoM) presently offers subsidy on electricity tariff in certain Consumer categories, as approved by MERC, which is directly collected by MSEDCL on account of electricity supplied to those Consumers in Franchise Area.
- 9.2 The Distribution Franchisee shall facilitate MSEDCL in raising the claim on account of electricity supplied to subsidize Consumers in Franchise Area from GoM by way of assisting in furnishing information and necessary documentation, for energy supplied and consumed by eligible consumers on completion of billing month.
- 9.3 The Distribution Franchisee shall submit the statement of subsidy claims on completion of billing month with the detailed records of the Consumers eligible for subsidy after verifying the accuracy and admissibility of each Consumer included in the same.
- 9.4 MSEDCL shall allow provisional credit to Distribution Franchisee for subsidy claim towards supply of power to subsidize Consumer category in Franchise Area on completion of billing month subject to submission by DF and audited by Independent Auditor. The Independent Auditor shall be appointed by MSEDCL in consent with DF. The same shall be provisionally credited in the successive month's Invoices as per Article-7. However, a reconciliation of accounts shall be carried out every three months, and the final subsidy amount shall be decided post audit by Independent Auditors.
- 9.5 A reputed Independent Auditor appointed by MSEDCL and the Distribution Franchisee, shall audit the claim for Subsidy raised by the Distribution Franchisee on monthly basis as mentioned in Article 9.4 above and the audited figures shall be the binding on both the parties. The fees for this Audit shall be shared equally by both the parties. Notwithstanding the above, Distribution Franchisee shall allow the Government Auditors to verify the particulars or details provided for determining the claim for subsidy. The amount of subsidy determined by the Government Auditor shall be final and binding on both the parties.
- 9.6 In the event of partial or complete withdrawal of subsidy by GoM on subsidized Consumer categories during the term of this Agreement, Distribution Franchisee shall be responsible for collection of such subsidy amount withdrawn by the GoM from the subsidized Consumers through modified tariff as specified by MERC.
- 9.7 In the event of subsidy directly debited to the account of subsidized consumers by GOM, during the term of this Agreement, MSEDCL will not be allow the credit to Distribution Franchisee for subsidy.

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- 9.8** In the event of Subsidy default by the GOM, the Distribution Franchisee shall comply with MSEDCL policy directives for such event. Such MSEDCL policy directives shall be with prospective effect and shall be applicable across the MSEDCL license area.

ARTICLE 10: ELECTRICITY DUTY, TOSE AND PASS ON CHARGES

In addition to the provisions of Article 7, the Electricity Duty shall be governed as below:

- 10.1 The Distribution Franchisee shall establish separate accounting for Electricity Duty liability as per provisions of Bombay Electricity Duty Act' 1958. A reputed Independent Auditor shall be appointed by mutual consent of MSEDCL and the Distribution Franchisee to get the audit of Electricity Duty leviable by the Distribution Franchisee on monthly basis. The fees for this Audit shall be shared equally by both the parties.
- 10.2 Notwithstanding the above, Distribution Franchisee shall allow the Government Auditors to verify the particulars or details provided for payment of Electricity Duty. The amount of Electricity Duty determined by the Government Auditor shall be final and binding on both the parties.
- 10.3 The Distribution Franchisee shall collect and remit the amount (collected) on account of Electricity Duties to MSEDCL as per Article-7
- 10.4 Any change in taxes and duties as notified by GoM, shall be adjusted appropriately and paid to MSEDCL in addition to the Distribution Franchisee's payment obligation computed as Article 7.1

In addition to the provisions of Article 7, the Tax on Sale of Electricity (TOSE) shall be governed as below:

- 10.5 The Distribution Franchisee shall establish separate accounting for TOSE liability as per provisions of TOSE Act -1963. A reputed Independent Auditor shall be appointed by mutual consent of MSEDCL and the Distribution Franchisee to get the audit of TOSE leviable by the Distribution Franchisee on monthly basis. The fees for this Audit shall be shared equally by both the parties.
- 10.6 The DF shall remit TOSE to MSEDCL on charged basis as per The Maharashtra Tax on Sale of Electricity Act, 1963.
- 10.7 Any change in taxes and duties as notified by GoM, shall be adjusted appropriately and paid to MSEDCL in addition to the Distribution Franchisee's payment obligation computed as Article 7.1

In addition to the provisions of Article 7, the Pass on Charges (PC) shall be governed as below:

- 10.8 The Distribution Franchisee shall establish separate accounting for Pass on Charges liability as per provisions of DFA. A reputed Independent Auditor shall be appointed by mutual consent of MSEDCL and Distribution Franchisee to get the

audit of Pass on Charges leviable upon Distribution Franchisee on monthly basis.
The fees for this Audit shall be shared equally by both the parties.

- 10.9 The Distribution Franchisee shall remit the amount (charged) on account of PC to MSEDCL as per Article-7

**ARTICLE 11: PAYMENT SECURITY DEPOSITE AND PERFORMANCE
GUARANTEE****a) Payment Security Deposit**

- 11.1** As provisioned in the Article-2.1.1 of this Agreement, the Distribution Franchisee shall submit and maintain valid for the term of this Agreement, a security deposit to the satisfaction of MSEDCL in the form of an irrevocable and unconditional Standby Letter of Credit from any nationalized bank for an amount equivalent to two months' estimated amount payable to MSEDCL by Distribution Franchisee based on two months average energy input at Input Points in the Franchise Area during Financial Year 2016-17 and Rates quoted by the Distribution Franchisee for first year of Franchisee term. The Standby Letter of Credit shall be provided from the bank which is appointed as Default Escrow Agent under the Default Escrow Agreement. The Security Deposit shall be governed in the manner described in this Article.
- 11.2** The Standby Letter of Credit is to be furnished as on the Effective date so as to provide unconditional security for various payments due under the Distribution Franchise Agreement.
- 11.3** The Standby Letter of Credit shall be in the format prescribed by MSEDCL initially valid for a period of one year from the Effective Date.
- 11.4** The Distribution Franchisee shall renew the Standby Letter of Credit one month before its expiry date and furnish the same to MSEDCL, failing which MSEDCL shall have the right to invoke the Standby Letter of Credit.
- 11.5** Within one week of beginning of each quarter, the amount of the Standby Letter of Credit shall be upgraded, based on average energy input in previous quarter and applicable Input Energy Rates for the year as per Annexure-5. The said input rates shall be subjected to Tariff indexation ratio for the last quarter as indicated in Article 7.1.1. However, under no circumstances shall the amount of Standby Letter of credit be revised downwards.
- 11.6** MSEDCL may recover the outstanding payment after payment due date by invoking the Standby Letter of Credit.
- 11.7** Distribution Franchisee shall, within two weeks of invocation of the Letter of Credit by MSEDCL, restore the same to the level prior to invocation.
- 11.8** MSEDCL may review the amount of the Standby Letter of Credit after one year of the contract depending on the payment record of the Distribution Franchisee.

b) Collateral Arrangement

- 11.9** As an additional measure to ensure compliance of Distribution Franchisee obligations under this Agreement, Distribution Franchisee and the MSEDCL, shall execute a separate Default Escrow Agreement (referred as “Default Escrow Agreement”) one month prior to the Effective Date for the establishment and operation of the Default Escrow Account in favor of MSEDCL, through which the revenues of Distribution Franchisee shall be routed and used as per the terms of the Default Escrow Agreement. Distribution Franchisee and MSEDCL shall also enter into a separate Agreement to Hypothecate Cum Deed of Hypothecation, whereby the Distribution Franchisee shall agree to hypothecate, to MSEDCL, the amounts to the extent as required for the Standby Letter of Credit as per Article 11.1 and Article 11.5 routed through the Default Escrow Account and the Receivables in accordance with the terms of the Agreement to Hypothecate Cum Deed of Hypothecation. The Default Escrow Agreement and the Agreement to Hypothecate Cum Deed of Hypothecation are collectively referred to as the “Collateral Arrangement”. The minimum revenue flow in any Month in the Default Escrow Account shall be at least equal to the amount required for the Standby Letter of Credit as per Article 11.1 and 11.5. Provided further that the Franchisee shall ensure that MSEDCL has first ranking charge on the revenues routed through the Default Escrow Account. However, such first ranking charge shall be on the amounts, in excess of amounts, which have already been charged or agreed to be charged prior to the date of the execution of the Default Escrow Agreement.

c) Performance Guarantee

- 11.10** As provisioned in the Article-2.1.2 of this Agreement, the Distribution Franchisee shall submit and maintain valid for the term of this Agreement, a performance guarantee of Rs 45 Cr (Five Crores) to the Forty satisfaction of MSEDCL in the form of an irrevocable and unconditional Performance Guarantee from any nationalized bank. The Performance Guarantee shall be governed in the manner described in this Article.
- 11.11** The performance Guarantee shall be furnished on the 5th anniversary of Effective date so as to provide unconditional security for performance due under the Distribution Franchise Agreement.
- 11.12** The Performance Guarantee shall be in the format prescribed by MSEDCL initially valid for a period of one year from the 5th Anniversary of Effective Date.

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- 11.13** The Distribution Franchisee shall renew the Performance Guarantee one month before its expiry date and furnish the same to MSEDCL, failing which MSEDCL shall have the right to invoke the Performance Guarantee.
- 11.14** While the Performance Guarantee shall be valid from fifth year to the remaining term of the agreement, same shall be released in proportion to the minimum mandatory investment done by the Distribution Franchisee over the said period.
- 11.15** The minimum Capital investment in electrical network done by Distribution Franchisee will be reviewed by MSEDCL at the end of every operational year. The valuation of minimum Capital investment in electrical network will be governed as per Article 5.2.21. Failure to invest minimum Rs 03 Cr every year from fifth year onwards in electrical network, the amount from the performance Guarantee will be deducted as a penalty.
- 11.16** MSEDCL has the right to invoke the unreleased portion of the Performance Guarantee in case of non-compliance to Standards of Performance.
- 11.17** In case of non-adherence of the supply code/standards of performance, any penalty levied by the MERC on the MSEDCL shall be recoverable from the franchisee against the Performance Guarantee on a back to back basis for which the franchisee shall have the authority to represent its case before the MERC or any other judicial or quasi judicial body.
- 11.18** Distribution Franchisee shall, within two weeks of invocation of the Performance Guarantee by MSEDCL, restore the same to the level prior to invocation

ARTICLE 12: DEPUTATION OF MSEDCL EMPLOYEES

The existing employees of MSEDCL Area will be given an option to join the Distribution Franchisee on deputation.

- 12.1** MSEDCL will make a list of such employees who wish to be on deputation. Thereafter, the Distribution Franchisee shall have freedom to choose from the list of willing employees. The Distribution Franchisee will have a right to accept/reject without assigning any reason thereof.
- 12.2** MSEDCL employees on deputation with the Distribution Franchisee shall be governed by the Distribution Franchisee's working terms and conditions. However, the Distribution Franchisee shall make those terms and conditions available upfront to all willing employees opting for deputation. For employees on deputation from MSEDCL, the employment terms and conditions shall be MSEDCL's terms & conditions of deputation as attached in Annexure 8 would be applicable. Distribution Franchisee would have the right to send any MSEDCL employee on deputation with the Franchisee back to MSEDCL with one month's notice to the MSEDCL without assigning any reasons.
- 12.3** The cost of employees on deputation would be borne by Distribution Franchisee at market rate. The Distribution Franchisee will compensate the MSEDCL employee on deputation with the Franchisee towards all the benefits available to him/ her as per his/ her employment terms of MSEDCL such as monthly salary, arrears payment due to MSEDCL wage revision, statutory contributions like provident fund and pension funds etc pertaining to the period of deputation only. Distribution Franchisee will also be responsible for any liability arising on account of fringe benefit tax and any other tax applicable on benefits of MSEDCL employee on deputation with the Franchisee.
- 12.4** At the end of the period of deputation or the Franchise Agreement whichever is earlier, the employees on deputation will return to MSEDCL. Such employees will not lose their seniority in MSEDCL due to deputation with the Distribution Franchisee.
- 12.5** The Distribution Franchisee shall have the right to employ any number of personnel on any terms and conditions (Distribution Franchisee's Employees) to discharge the day-to-day functions relating to distribution of power in Franchise Area.
- 12.6** However, Distribution Franchisee's employees shall not become either permanent or contract employees of MSEDCL at any point in time during and after expiry of this agreement. The Distribution Franchisee shall expressly clarify at the time of the appointment of an employee that he/she shall not have a right to claim employment with MSEDCL during the subsistence or even after the expiry of this Agreement. Only the persons expressly agreeing to these conditions shall be

employed by the Distribution Franchisee. MSEDCL will not be responsible or liable for the claims raised by the employees of the Distribution Franchisee and the Distribution Franchisee shall indemnify MSEDCL in respect thereof.

- 12.7** The deputation period for an employee of MSEDCL shall be the term of the Franchisee or the remainder of his / her period of employment, whichever is shorter,
- 12.8** It should be noted that although the Distribution Franchisee shall be liable for payment of salaries, applicable allowances, deduction of taxes, provident fund, etc. with respect to such MSEDCL employees who are on deputation, MSEDCL shall be the Principal Employer of such employees. It is the responsibility of the Franchisee to communicate to all such employees of MSEDCL that are on deputation with the Franchisee that they have no claims against the Distribution Franchisee with respect to (i) permanent employment, (ii) extension of deputation, or (iii) employment benefits that are applicable to the Distribution Franchisee's employees. MSEDCL shall not indemnify the Franchisee against any and all losses, damages, costs, expenses, fines, penalties, interest, judgments, or other liabilities on account of such claims.

ARTICLE 13: REPORTING AND AUDIT**13.1 Reporting**

The Distribution Franchisee shall furnish to MSEDCL the following information as per schedule stated therein:

13.1.1 Distribution Franchisee shall be required to submit data regarding billing and collection inclusive of electricity duty, Security Deposit collected on account of new connections. Distribution Franchisee shall provide consumer-wise information in the format specified by MSEDCL detailing the billing, collection and all related information on a monthly basis every month by a mutually agreed date. Such information shall be kept confidential by MSEDCL to the extent possible and shall be used only under conditions of default by Distribution Franchisee under the Distribution Franchise Agreement.

13.1.2 For the initial stabilization period, such data shall be submitted as per schedule below:

Days from Effective Date	Information to be submitted on Day
1-27	30
28-42	45
43-57	60
58-60	63

13.1.3 After the initial stabilization period, the above information shall be submitted as per the respective billing cycle and shall be submitted to MSEDCL not later than three days after the end of the billing cycle as per Article-7.1.

13.1.4 Distribution Franchisee shall be required to update the asset register and submit the same to MSEDCL on a quarterly basis.

13.1.5 Distribution Franchisee shall generate monthly Management Information System (MIS) and Monitoring Reports as required by MSEDCL and MERC in formats enclosed at Annexure-09 and communicate them to MSEDCL through email according to the schedule given in Article 13.

13.1.6 Distribution Franchisee shall submit detailed inventory status reports on an annual basis for all inventories within the Franchise Area within 30 days after the end of every year after the Effective date.

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- 13.1.7 All correspondence, records, reports, presentations and other forms of information developed by the Distribution Franchisee whether electronic or physical, and required by the Licensee to continue operations, shall become the property of MSEDCL upon Expiry/ termination subject to applicable permissions. MSEDCL reserves, without limitation, the right to use procedures, forms and productivity enhancement methods developed under this Agreement elsewhere subject to applicable permissions. Notwithstanding the above, the Distribution Franchisee shall have the right to retain copies of information, reports, correspondence, presentations mentioned above.
- 13.1.8 Distribution Franchisee shall notify MSEDCL of any Major Incident affecting any part of the Distribution System that has occurred at the earliest possible instant and in any event, by no later than fifteen (15) days or such period as may be extended by MSEDCL from the date of such Major Incident. Distribution Franchisee shall also submit a report to MSEDCL giving full details of the facts within the knowledge of the Distribution Franchisee regarding the incident and its cause.
- 13.1.9 Distribution Franchisee shall provide to the MSEDCL within reasonable time such further particulars and information as may be required by MSEDCL (e.g. political and social unrest, natural calamities, events of force majeure, etc) relating to the implementation of this Agreement for providing the same to the GoM or any other statutory authorities entitled to the same under the provisions of the law.
- 13.1.10 MSEDCL reserves the rights to modify the existing MIS report or addition / alteration in future, depending on the future development and requirement.
- 13.1.11 MSEDCL reserves the rights to introduce new KPIs (Key Performance Indicators) for monitoring the performance of Distribution Franchisee.

13.2 Audit

- 13.2.1 Distribution Franchisee will allow for half yearly audit of assets and inventories within the Franchise Area by MSEDCL.
- 13.2.2 Distribution Franchisee will also allow yearly audit of the billing data including the system and database and Consumer service centers operated within the scope of the Franchise Area.
- 13.2.3 MSEDCL may, at anytime during the subsistence of this agreement, authorize any person(s) to inspect, verify and audit the required data and records for the purpose of verifying information received under this contract, and the

Distribution Franchisee shall be obliged to extend all cooperation, assistance and facilities, as may be required, to such authorized person(s).

- 13.2.4 The audit of Electricity Duty, TOSE, Pass on charges (PC) and claim of subsidy shall be carried out as mentioned in Article 9 and Article 10. In addition audit of successive months' ABR post effective date, shall be audited by a reputed Independent Auditor. Independent Auditor report shall be binding on both MSEDCL and Distribution Franchisee.
- 13.2.5 MSEDCL reserves the right to conduct the physical verification of the Distribution Assets belonging to MSEDCL at any time during the term of this Agreement. However, assets created by DF, under CAPEX shall be audited by a reputed Independent Auditor on half yearly basis as per article 5.2.21.
- 13.2.6 All the aforesaid audits/ verifications shall be conducted by person(s) duly authorized for the specific purpose by the Agreement Representative.
- 13.2.7 The Distribution Franchisee shall comply with all reporting formats and data requirements prescribed by the Auditors.

ARTICLE 14: INDEMNIFICATION

Indemnity

14.1 The Distribution Franchisee during the term of this Agreement shall indemnify, defend and hold MSEDCL harmless against the following:

- 14.1.1 Any acts of omissions/commission of Distribution Franchisee with regard to the electricity services provided by MSEDCL. In such event Distribution Franchisee shall have no claim for compensation, incentive or any other claim against MSEDCL.
- 14.1.2 Claims against MSEDCL made by any third party for any act of commission or omission by Distribution Franchisee, Distribution Franchisee shall indemnify and hold MSEDCL harmless and compensate all the losses so caused to MSEDCL. MSEDCL shall also be entitled to defend any action with third parties at the cost and expenses of Franchisee.
- 14.1.3 All monetary obligations or losses or implications arising out of such action of Distribution Franchisee in the nature of costs, expenses or damages. MSEDCL shall have no liability in respect of loss of profit, loss of income, loss of agreement or any other losses or damages suffered or arising out of or in connection with existence of any defects whether latent or apparent in electricity network and the obligation of Distribution Franchisee to provide support services shall remain unaffected thereby.
- 14.1.4 Claims of on all the employees of MSEDCL on deputation against any loss/implication arising out of the actions of Distribution Franchisee.
- 14.1.5 Non-payment of all taxes, duties, and statutory/ local levies arising as a result of this commercial transaction as required under Article 7.
- 14.1.6 Non-compliance of the Laws, Regulations, Orders and Directives of MERC by the Distribution Franchisee.
- 14.1.7 Any penalty imposed on account of non-compliance as stated hereinabove.

This Indemnification shall survive the term of this Agreement.

14.2 MSEDCL shall indemnify, defend and hold the Distribution Franchisee harmless against:

14.2.1 Acts of commission or omission in the Franchise Area by MSEDCL prior to the Effective Date of this Agreement.

14.2.2 Third party claims on account of MSEDCL Distribution Assets as on Effective Date, for a period of six months from the Effective Date provided the Distribution Franchisee has taken all reasonable care of the Distribution Assets. The aggregate amount of the liabilities to be compensated by MSEDCL during the said period of six months in respect of all such claims shall be limited to Rs. 50 Lakhs. However such indemnity shall be limited only to legally established claims

Procedure for claiming indemnity

Third party claims

14.2.2 (a) Where either party is entitled to indemnification from the other party pursuant to Article 14.1 or Article 14.2, it shall promptly notify the other party of such claim, proceeding, action or suit referred to in Article 14.1 or Article 14.2 in respect of which it is entitled to be indemnified. Such notice shall be given as soon as reasonably practicable after the Indemnified party becomes aware of such claim, proceeding, action or suit. The indemnifying party shall be liable to settle the indemnification claim within thirty [30] days of receipt of the above notice. Provided however that, if:

- i. the Parties choose to contest, defend or litigate such claim, action, suit or proceedings in accordance with Article 14.2.2(b) below; and
- ii. the claim amount is not required to be paid/ deposited to such third party pending the resolution of the dispute,

The indemnifying party shall become liable to pay the claim amount to indemnified party or to the third party, as the case may be, promptly following the resolution of the dispute, if such dispute is not settled in favour of the indemnifying party.

14.2.2 (b) The Indemnified Party may in consultation with the Indemnifying Party, contest, defend and litigate a claim, action, suit or proceeding for which it is entitled to be indemnified under Article 14.1 or Article 14.2 and the indemnifying Party shall reimburse to the indemnified Party all reasonable costs and expenses incurred in this respect. However, the indemnified Party shall not settle or compromise such claim, action, suit or proceedings without first getting the consent of the indemnifying Party, which consent shall not be unreasonably withheld or delayed.

The indemnifying Party may, at its own expense, assume control of the defence of any proceedings brought against the indemnified Party, if it acknowledges its obligation to indemnify, gives prompt notice of its intention to assume control of the defence, and employs an independent legal counsel at its own cost.

14.3 Indemnifiable Losses

Where either party is entitled to Indemnifiable Losses from the indemnifying party pursuant to Article 14.1 or Article 14.2, it shall promptly notify the indemnifying party of the Indemnifiable Losses. The indemnifying party shall pay the Indemnifiable Losses within [30] thirty days of receipt of the notice seeking Indemnifiable Losses by indemnified party. It is expressly agreed herein that the Indemnifiable Losses of either party shall be restricted to costs and expenses for all claims except for the Indemnifiable Losses for third party claims, wherein consequential damages shall also be included, if applicable.

ARTICLE 15: INSURANCE

- 15.1** The Distribution Franchisee at its own discretion shall insure the assets purchased during the term of this Agreement in its own name.
- 15.2** The Distribution Franchisee shall also obtain and keep in effect all Insurances required under laws of India/ GoM. Distribution Franchisee shall insure All Risk Insurance Policy (CAR) or Transit cum Errection (TCE) or Errection All Risk (EAR) Insurance in respect of contract work and workman Compensation Insurance in respect of workmen engaged and deployed.

ARTICLE 16: EVENT OF DEFAULT AND TERMINATION**16.1 Distribution Franchisee Event of Default**

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. Substantial obligations would include all such obligations as envisaged in the Distribution Franchise Agreement.

16.1.1 Critical Event of Default

16.1.1.1 Critical Event of Default by the Distribution Franchisee shall mean failure or refusal by Distribution Franchisee to perform its following obligations under the Agreement:

- a. Failure on account of Distribution Franchisee to make payments as per Article- 7 of this Agreement;
- b. Failure to submit in time the Information Report as per Article 13.1.1,13.1.2 and 13.1.3;
- c. Failure to maintain a payment security deposit and performance guarantee as per the Article 11 of this Agreement;
- d. Failure to maintain minimum service quality/ safety standard due to inadequate network investments;
- e. Failure to invest in Committed capex at the end of fifth year of operation as per Article 5.2.3
- f. Failure to provide the information asked under RTI Act 2005 within stipulated time period.

16.1.1.2 The other Critical Events of Default are:

- a. The Distribution Franchisee has engaged in a corrupt practice or/ and fraudulent practice in competing for executing the contract.
- b. A resolution for winding up has been passed by the majority shareholders of the Distribution Franchisee.
- c. The Distribution Franchisee is declared insolvent or bankrupt.
- d. The Distribution Franchisee has unlawfully repudiated this Agreement or has otherwise expressed an intention not to be bound by this agreement.
- e. Any representation or warranty made by the Distribution Franchisee during the term of the agreement is found to be false and misleading.

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- f. The Distribution Franchisee is indulging in any malpractice or corrupt practice or fraudulent practice(s).
 - g. Sale of Input energy in the Franchise Area to any party outside the Franchise Area.
 - h. Failure to comply with non-critical events of default within the specified period.

16.1.2 Non-critical Event of Default

Non-critical Event of Default by the Distribution Franchisee shall mean failure or refusal by Distribution Franchisee to perform the following obligations under the Agreement:

- 16.1.2.1 Failure to submit periodic performance report (comprising Billing and Collection report, updation of Assets Register on monthly basis, Energy audit report) to MSEDCL after a stabilization period of three months from Effective Date.
- 16.1.2.2 Reporting inconsistencies in energy/ revenue accounting, if observed during periodic/ unscheduled inspection.
- 16.1.2.3 Failure to comply with any terms and conditions, as applicable under this Agreement for a consecutive period of thirty (30) days.
- 16.1.2.4 Persistent non-compliance of Standards of Performance laid down by MERC after the first Contract Year. Persistent would mean non-compliance of any of terms of Standards of Performance in all similar cases for a continuous period of three months.
- 16.1.2.5 Persistent non-compliance of MERC's "Electricity Supply Code and Other Conditions of Supply" as approved and modified from time to time after the first Contract Year. Persistent would mean repeated non-compliance of any of terms of MERC's "Electricity Supply Code and Other Conditions of Supply" for a continuous period of three months.
- 16.1.2.6 Failure to deposit statutory payments of MSEDCL's Deputationist employees within the stipulated period.
- 16.1.2.7 Failure on account of Distribution Franchisee to comply with all the relevant labour laws applicable to MSEDCL's Deputationist employees.

If any of the above is in default for a period of more than 60 days, it shall become a Critical Event of Default as per Article 16.1.1.2 (h)

16.2 MSEDCL Event of Default

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 Distribution Franchisee of its substantial obligations under this Agreement, shall constitute a MSEDCL Event of Default:

a) Critical Event of Default

MSEDCL does not ensure the supply of power up to 90% of entitled pro-rata quantity as per article 5.4.1 to Distribution Franchisee of acceptable quality standards for a period of six days in a calendar month.

b) Non-Critical Event of Default

Breach of any other material terms and conditions, as applicable under this Agreement for a consecutive period of thirty (30) days. If the default continues for a period of more than 60 days, it shall become a Critical Event of Default.

16.3 Termination Procedure for Event of Default by Distribution Franchisee

- 16.3.1 On the occurrence of any Event of Default, or its coming to notice of MSEDCL, MSEDCL shall issue an Event of Default notice to the Distribution Franchisee.
- 16.3.2 The Distribution Franchisee shall eliminate such Event of Default and mitigate consequences of such Event of Default within a period of 15 days for Event of Default cited at Article 16.1.1 and 60 days for Events of Default cited at Article 16.1.2.
- 16.3.3 In case the Distribution Franchisee is unable to eliminate/ mitigate the consequences of Event of Default within the period stipulated at Article 16.3.2 a preliminary notice of termination may be served by MSEDCL to the Distribution Franchisee, elaborating the event of default by Distribution Franchisee.
- 16.3.4 If the default is not cured within a period of thirty days from the date of issue of the preliminary notice of termination as provided in Article 16.3.3, this Agreement may be terminated after serving the final termination notice to the Distribution Franchisee.
- 16.3.5 It is expressly agreed that both the parties shall continue to perform their respective obligations until the serving of final termination notice, whereupon this Agreement shall terminate on date of such notice.

- 16.3.6 MSEDCL shall exercise its Step-in rights after serving the final termination notice. The Distribution Franchisee shall be obliged to extend transition assistance for a period of 30 days from the serving of such final termination notice, failing which the costs and expenses incurred by MSEDCL on the account of non-provision of such assistance by the Distribution Franchisee shall be recovered from the Termination payment of the Distribution Franchisee.

16.4 Termination Procedure for Event of Default by MSEDCL

- 16.4.1 On the occurrence of Event of Default by MSEDCL, the Distribution Franchisee shall issue an Event of Default notice to MSEDCL.
- 16.4.2 The MSEDCL shall eliminate such Event of Default and mitigate consequences of such Event of Default within a period of 15 days for Event of Default cited at Article 16.2(a) and 60 days for Events of Default cited at 16.2(b).
- 16.4.3 In case MSEDCL is unable to eliminate/ mitigate the consequences of Event of Default within the period stipulated at Article 16.4.2, a preliminary notice of termination may be served by the Distribution Franchisee to MSEDCL, elaborating the Event of Default by MSEDCL.
- 16.4.4 If the default is not cured within a period of thirty days from the date of serving of preliminary termination notice as provided in Article 16.4.3, this Agreement may be terminated after serving the final termination notice to the defaulting Party.
- 16.4.5 It is expressly agreed that both the parties shall continue to perform their respective obligations until the serving of final termination notice, whereupon this Agreement shall terminate on date of such notice.
- 16.4.6 MSEDCL shall exercise its Step-in rights after receiving the final termination notice. The Distribution Franchisee shall be obliged to extend transition assistance for a period of 30 days from the serving of such Final termination notice, failing which the costs and expenses incurred by MSEDCL on the account of non-provision of such assistance by the Distribution Franchisee shall be recovered from the Termination payment of the Distribution Franchisee.

16.5 Consequences of Termination

- 16.5.1 **Consequences of Termination for Distribution Franchisee's Event of Default**
- a) Without prejudice to the other rights of MSEDCL in case of termination, Distribution Franchisee shall pay all the dues payable to MSEDCL on the date of termination. Distribution Franchisee shall pay dues to third parties only after the payment of all MSEDCL dues.

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- b) MSEDCL shall have right to invoke the Standby Letter of Credit (Bank Guarantee) to make good any shortfall.
 - c) MSEDCL unconditionally reserves the right to claim from Distribution Franchisee any costs, expenses or loss that it may have incurred by reason of breach of failure on the part of Distribution Franchisee to observe and perform any of the terms and conditions of the agreement.
 - d) On termination of this Agreement however occasioned, the Distribution Franchisee shall forth with deliver to MSEDCL all papers including the forms used, partially used and unused receipts books, all promotional materials and documents which may have come into its possession or custody under the terms of this Agreement or otherwise.
 - e) The Distribution Franchisee shall furnish a certificate of Non encumbrance to claim the amount due to him as per provisions of Article-5.
 - f) The Distribution Franchisee shall be blacklisted for 5 years from further business in any form with MSEDCL from the date of termination of this agreement.

16.5.2 Consequences of Termination for MSEDCL's Event of Default

Without prejudice to the other rights of Distribution Franchisee in case of termination, MSEDCL shall pay all the dues payable to MSEDCL on the date of termination.

16.6 Step In Rights of MSEDCL

16.6.1 Step In Rights in case of Event of Default after serving of Final Termination Notice

1. 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.
2. MSEDCL shall have the right to invoke the Standby Letter of Credit furnished by the Distribution Franchisee to recover all its dues and outstanding amounts.
3. The Distribution Franchisee shall transfer all the Fixed Assets brought in as a part of the New Capital Expenditure in the Franchise Area in accordance with the Article-5.

16.6.2 Step In Rights in the Event of Abandonment and Event of Major Incident by the Distribution Franchisee

1. MSEDCL or its Designate(s) shall be entitled to immediately enter any and/or all of the Site(s) and operate the Distribution System.
2. MSEDCL shall have a right to terminate the Agreement.
3. MSEDCL shall issue a take-over notice to the Agreement Representative and serving of such notice shall be treated as a deemed takeover of operations by MSEDCL.
4. MSEDCL shall invoke the Standby Letter of Credit furnished by the Distribution Franchisee.
5. All Current Assets of the Distribution Franchisee in the Franchise Area shall stand transferred to MSEDCL
6. All Capital (Moveable and Immoveable) Assets of the Distribution Franchisee brought in the Franchise Area in accordance with Article 5 shall stand transferred to MSEDCL
7. However, the liability of meeting the repayment obligations on account of financing arrangements for such assets shall lie with the Distribution Franchisee.

16.6.3 Step In Rights of MSEDCL in the Events of Partial Disruption of electric supply services

In case of disruption of electric supply services in any part of the Franchise Area, leading to severe public inconvenience, MSEDCL shall have a right to step in the Franchise Area and restore electric supply services. The costs and expenses incurred for restoration by MSEDCL shall be borne by the Distribution Franchisee

16.6.4 Step-in Rights of MSEDCL in the Event of Major Incident

In case of an event of Major Incident as defined under the Agreement, MSEDCL shall have a right to step in the Franchise Area and take appropriate action. The costs and expenses incurred by MSEDCL in connection with the same shall be borne by the Distribution Franchisee. If the major incident is due to the willful negligence or deliberate actions of the Franchisee, MSEDCL shall have a right to terminate the Agreement in accordance with Article 16.6.2.

16.7 Mode of Expiry Payment

16.7.1 The expiry payment to the Distribution Franchisee shall consist of the following:

- a) Depreciated Value of capital assets worked out as per Article-5.2;
- b) Value of current assets worked out as per Article-5.3;
- c) Arrears accrued in the last one-month prior to Expiry as per Article-8.12.

16.7.2 An amount equal to 70% of the depreciated value of capital assets on Expiry Date worked out as per the audit conducted at the end of the penultimate contract year prior to the Expiry Date shall be released to the Distribution Franchisee not later than 15 days from the Expiry Date upon furnishing of a certificate of non encumbrance by the Distribution Franchisee and from the bankers of the Franchisee.

16.7.3 The balance payment on account of capital assets after accounting for deviations shall be released on completion of physical verification and auditing but not later than 60 days from expiry subject to fulfillment of all of the following:

- a. Such Assets have been physically verified by the Joint Audit Team of MSEDCL and the Distribution Franchisee and have been found to be in working order. The verification shall be completed within one month after Expiry of the agreement. In case of shortfalls, the non-disputed amount shall be released promptly.
- b. The Distribution Franchisee has furnished a Certificate of Non encumbrance issued both by the Franchisee as well as its bankers in respect of such Distribution Assets.
- c. The title and possession of such assets has been transferred to MSEDCL.

16.7.4 The payment for current assets due to the Distribution Franchisee shall be released not later than 60 days from Expiry date.

16.7.5 MSEDCL shall make payment towards arrears accrued one month prior to the Expiry after such an amount has been jointly determined and agreed by MSEDCL and Distribution Franchisee. The liability of MSEDCL shall be limited to make payment of such amount equivalent to 100% collection efficiency including the amount already recovered within 90 days of such joint determination.

16.7.6 All the above payments shall be released after deductions on account of any outstanding amount towards MSEDCL, if any.

16.8 Mode of Termination Payment in case of MSEDCL Event of Default**16.8.1. The Termination payment to the Distribution Franchisee shall consist of the following:**

- i) Depreciated Value of capital assets worked out as per Article-5.2;
- ii) Value of current assets worked out as per Article-5.3;
- iii) Arrears accrued in the last one-month prior to termination as per Article-8.12

16.8.2. An amount equal to 50% of the depreciated value of capital assets on Termination date worked out as per the audit conducted at the end of last contract year shall be released to the Distribution Franchisee not later than 15 days from the Expiry Date upon furnishing of a certificate of non-encumbrance by the Distribution Franchisee and from the bankers of the Franchisee..

16.8.3. The balance payment on account of capital assets after accounting for deviations shall be released on completion of physical verification and auditing but not later than 60 days from Termination Date subject to fulfillment of all of the following:

- (i) Such Assets have been physically verified by the Joint Audit Team of MSEDCL and the Distribution Franchisee and have been found to be in working order. The verification shall be completed within one month after Termination of the agreement. In case of shortfalls, the non-disputed amount shall be released promptly.
- (ii) The Distribution Franchisee has furnished a Certificate of Non-encumbrance issued both by the Franchisee as well as its bankers in respect of such Distribution Assets.
- (iii) The title and possession of such assets has been transferred to MSEDCL.

16.8.4 The payment for current assets due to the Distribution Franchisee shall be released not later than 60 days from Termination date.

16.8.5 MSEDCL shall make payment towards arrears accrued one month prior to such Termination after such an amount has been jointly determined and agreed by MSEDCL and Distribution Franchisee. The liability of MSEDCL shall be limited to 100% collection efficiency including the amount already recovered within 90 days of such joint determination.

16.8.6. All the above payments shall be released after deductions on account of any outstanding amount towards MSEDCL, if any.

16.9 Mode of Termination Payment in case of Distribution Franchisee Event of Default

- 16.9.1 The Termination payment to the Distribution Franchisee shall consist of the following:
- a) Depreciated Value of capital assets worked out as per Article-5.2.
 - b) Value of current assets worked out as per Article-5.3.
 - c) Arrears accrued in the last one-month prior to Expiry as per Article-8.12.
- 16.9.2 An amount equal to 50% of the depreciated value of capital assets on Termination date worked out as per the audit conducted at the end of last contract year shall be released to the Distribution Franchisee not later than 15 days from the Expiry Date upon furnishing of a certificate of non-encumbrance by the Distribution Franchisee.
- 16.9.3 The balance payment on account of capital assets after accounting for deviations shall be released on completion of physical verification and auditing but not later than 60 days from Termination Date.
- 16.9.4 The payment for current assets due to the Distribution Franchisee shall be released not later than 60 days from Termination date.
- 16.9.5 The payment for arrears accrued in the last one month prior to expiry shall be released not later than 90 days from the Termination date.
- 16.9.6 All the above payments shall be released after deductions on account of any outstanding amount towards MSEDCL, if any.

ARTICLE 17: GOVERNING LAW AND DISPUTE RESOLUTION

17.1. Governing Law

- 17.1.1 This Agreement has been executed and delivered in India and its interpretations, validity and performance shall be construed and enforced in accordance with the laws of India and also the laws applicable to the State of Maharashtra. The laws applicable to the Agreement shall be the laws in force in India.
- 17.1.2 Any dispute arising out of compliance/ non-compliance of this Agreement shall be exclusively under the jurisdiction of court at Nasik District.
- 17.1.3 Disputes between the consumers in the Franchise Area and MSEDCL/ or Distribution Franchise shall be referred to the existing relevant Consumer Grievance Redressal Forums or to the appropriate authority/ Forum/ Court as per the law.

17.2 Amicable Settlement, Dispute Resolution body and Arbitration

- 17.2.1 Either Party shall be entitled to raise any dispute or differences of whatever nature arising under, out of or in connection with this Agreement including its existence or validity by giving a written notice to the other Party, which shall contain:
- (i) The details of the Dispute;
 - (ii) The grounds for such Dispute; and
 - (iii) All documentary evidence in support of its claim.
- 17.2.2 The other Party shall, within thirty (30) days of receipt of dispute notice issued under Article 17.2.1, furnish:
- (i) Counter-claim and defences if any regarding the Dispute; and
 - (ii) All documentary evidence in support of its defences and counter-claim.
- 17.2.3 Both the parties shall constitute a Permanent Dispute Resolution Body having equal representation from each of the parties. The disputes or differences arising under this Agreement shall be referred for resolution to this body, which shall communicate its decision within thirty (30) days.
- 17.2.4 In case of non-settlement of dispute by the Permanent Dispute Resolution body, such dispute or differences shall be referred for decision to a body constituted of Managing Director of MSEDCL and Head of Distribution Franchisee (by whatever

name called) which shall communicate its decision within a period of 15 (fifteen) days.

- 17.2.5 Any dispute arising out of, in connection with or with respect to this agreement, the subject matter hereof, the performance or non-performance of any obligation hereunder, which cannot be resolved by negotiation between the Parties and the Dispute Resolution procedure as stated in the foregoing Articles, shall be exclusively submitted to arbitration at the request of either party upon written notice to that effect to the other party. The proceedings shall be conducted subject to the provisions of the Arbitration and Conciliation Act, 1996 by a panel consisting of three arbitrators.
- 17.2.6 While submitting the dispute or difference to arbitration in accordance with this Article the Party so submitting shall, in its notice, specify the name of one arbitrator appointed by it. Within 30 (thirty) days of the receipt of notice, the other Party shall appoint an arbitrator. The third arbitrator (who will act as the chairman) shall be nominated by the two arbitrators appointed as aforesaid or, failing such nomination within 30 (thirty) days of the appointment of the second arbitrator, shall be appointed in accordance with the Arbitration Act.
- 17.2.7 The language of the arbitration shall be English. The venue of Arbitration shall be Mumbai.
- 17.2.8 The arbitration award shall be in writing. The arbitrators shall also decide on the costs of the arbitration proceedings.
- 17.2.9 The Parties agree that the award of the arbitrators shall be final and binding upon the Parties.
- 17.2.10 Notwithstanding anything to the contrary contained in this Agreement, the provisions of this Article 17 shall survive the termination of this Agreement.
- 17.2.11 Both the parties shall continue to perform their respective obligations during the conduct of the Dispute Settlement Procedure.

17.3 Disputed Payments

- 17.3.1 An invoice raised by MSEDCL in terms of Article-7 can be disputed by the Distribution Franchisee; however, the Distribution Franchisee shall remit the payment under protest against the same to MSEDCL within the stipulated time. Cases of excessive billing, if any, during the last three months shall be jointly identified by the MSEDCL and Distribution Franchisee and shall be referred to the Agreement Representative of MSEDCL.

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- 17.3.2 In case the dispute is resolved in the favour of the Distribution Franchisee, MSEDCL shall within 7 days of settlement of such dispute refund the excess amount.
- 17.3.3 The information submitted by Distribution Franchisee and forming a basis for the Invoice can also be disputed by MSEDCL.
- 17.3.4 In case the dispute is resolved in the favor of MSEDCL, the Distribution Franchisee shall within 7 days of settlement of such dispute refund the additional amount.

17.4 Severability

If any section, provision or Article of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, or is pre-empted by central or state laws, regulations or regulatory agencies, the remainder of this Agreement shall not be affected, except as is otherwise provided in this agreement. However if the implication of such a situation is significant, both the parties may mutually decide the future course of action.

ARTICLE 18: FORCE MAJEURE

- 18.1** No Party shall be liable to the other Parties if, and to the extent, that the performance or delay in performance of any of its obligations under this Agreement is prevented, restricted, delayed or interfered with due to occurrence of any event of force Majeure including acts of God, acts of any Government (de jure or de facto) or regulatory body or public enemy, war, riots, embargoes, industry-wide strikes, the reduction in supply due to outage of generation facilities / transmission lines or any other causes, circumstances, or contingencies, whether of a similar or dissimilar nature to the foregoing, beyond the parties control, which cannot be reasonably forecast or prevented, thereby, hindering the performance by the parties of any of their obligations hereunder. The Party claiming an event of force majeure shall promptly notify the other Parties in writing, and provide full particulars of the cause or event and the date of first occurrence thereof as soon as possible after the event and also keep the other Parties informed of any further developments. The Party so affected shall use its best efforts to remove the cause of non-performance, and the Parties shall resume performance hereunder with the utmost dispatch when such cause is removed. For the purpose of clarity, the Parties agree that the failure of a Party to adhere to any statutory or regulatory requirement or to obtain necessary approvals shall not be deemed to be a force majeure situation. A condition of force majeure shall not relieve any Party of any obligation due under this Agreement prior to the event of force majeure.
- 18.2** In the event of a prolonged event of Force Majeure (continuing for a period of more than 180 days) a preliminary notice of termination may also be issued by either Party leading to the termination of the Agreement. The payment mechanism for this case shall be the same as described in Article-16.7.

ARTICLE 19: CLEAN DEVELOPMENT MECHANISM (CDM)

- 19.1** Distribution franchisee may note that the Project may qualify for “carbon finance” through Clean Development Mechanism (“CDM”) of UNFCCC or any other carbon trading mechanism namely EU-TS etc resulting in additional revenue stream in terms of Certified Emission Reductions (‘CERs’).
- 19.2** Distribution franchisee will have to implement necessary metering mechanism of carbon credit in DF area.
- 19.3** Distribution franchisee has to obtain required CDM certification and approval from necessary certifying authority and has to pay all the expenses incurred in implementing CDM in DF area. MSEDCL will not be liable to pay for any expenses in this regard.
- 19.4** Distribution Franchisee has to share 50% of revenue stream resulting from the “CDM” benefits with MSEDCL, after deducting any capital expenditure including cost incurred towards application to the appropriate authority. However, Distribution Franchisee shall obtain approval from MSEDCL on the estimated expenditure prior to application for CDM benefits.
- 19.5** Distribution Franchisee is required to make necessary assessment of possibility of availing “carbon finance” benefits on their own and accordingly consider such benefits while quoting ‘Input Rate’. However, it may be noted that MSEDCL does not take any responsibility or liability on this account what so ever.

ARTICLE 20: MISCELLANEOUS PROVISIONS

- 20.1** MSEDCL shall refrain from unreasonably interfering with the Distribution Franchisee in exercising of its rights or the performance of or compliance with its obligations under this Agreement.
- 20.2** MSEDCL shall make all reasonable efforts to ensure that its staff not assigned to the Franchise Area does not impede the Distribution Franchisee from exercising its rights or performing its obligations under this Agreement.
- 20.3** The Parties shall establish formal communication means for purposes of exercising their respective rights and performing or complying with their respective obligations under this Agreement. Each of the Parties shall designate an Engineer-in-charge who is duly authorised to act on behalf of the respective Parties, to liaise for purposes of and carry out Agreement Management pertaining to the management of all matters related to the compliance with the requirements of this Agreement. The Engineer-in-charge shall be of the rank of Chief Engineer or equivalent and above from MSEDCL and a rank of Chief General Manager/ or Vice President and above from Distribution Franchisee.
- 20.4** MSEDCL's Nodal Office for designated DF area shall undertake the activities under this agreement under the administrative control of Engineer-In Charge of MSEDCL.
- 20.5** Both the parties shall duly appoint their respective Agreement Representative and the Disputes or differences arising out of the execution of this Agreement shall be dealt by them. The Agreement Representative shall be of the rank of Executive Director or equivalent and above from both the sides.
- 20.6** Distribution Franchisee may consider the use of innovative operating Systems and technical solutions for loss reduction, theft prevention, credit control, etc. If such a system is being implemented then the Distribution Franchisee will submit information about such plans, processes and procedures to MSEDCL. All these systems must be in compliance with Regulatory and Licensee conditions. MSEDCL, in consultation with the Distribution Franchisee may depute a reasonable number of its employees to be trained on such new systems and processes. The Distribution Franchisee must facilitate the training of employees of MSEDCL on such systems and processes.
- 20.7** In the event the Distribution Franchisee undergoes merger/ acquisition/amalgamation, it will duly seek approval from MSEDCL for assignment of this agreement to the new entity. This would facilitate better coordination with the new entity.

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- 20.8** The necessary approvals/ consents under this agreement shall not be withheld or delayed unreasonably by any of the party. Any approval or consent given under this Agreement shall be valid only if given in writing.
- 20.9** The Distribution Franchisee may create charge on its gross margin i.e. the revenue realizations less the amount payable to MSEDCL as per the regular invoices. Notwithstanding the foregoing, the repayment obligations in all cases shall lie with the Distribution Franchisee.
- 20.10** The language of communication between two parties shall be English only.
- 20.11** The Distribution Franchisee shall not use the MSEDCL assets for any other use except for distribution of electricity and activities concerned with the subject of this Franchisee.
- 20.12** MSEDCL at the request of the Distribution Franchisee shall pursue with the relevant agencies to the extent possible for the augmentation of EHV lines and transformer capacity for Franchise Area.
- 20.13 Infrastructure Roll-out Plan:**
- The Distribution Franchisee shall submit preliminary Infrastructure Roll-out plan to MSEDCL along with bid document for 1st five years and in Detailed Project Report(DPR) format at the start of 6th, 11th year & 16th year. The infrastructure plan must state the investments to be carried out by in the Franchise Area to lower the Distribution Losses and improve the quality of supply. The plan shall be indicative and the actual may differ. MSEDCL shall facilitate the Distribution Franchisee in approaching the MERC for approval of the Infrastructure Roll Out Plan. Any investment by the Distribution Franchisee which is not approved by the MERC shall not be compensated by MSEDCL at the expiry/ termination of the Franchise.
- 20.14** MSEDCL shall mark a copy of the Directives received by it under applicable laws, Regulations and Directives of MERC, which are not in the public domain.
- 20.15** Land and public right-of-way for Utility works shall be provided by the local Municipal Body. MSEDCL shall not be responsible for applying/ facilitating in approval of the same.
- 20.16** Subletting and leasing the existing MSEDCL distribution assets for generation of extra revenue such as allowing commercial advertisement, Wi-Fi network / radio network, cable services etc. shall be the exclusive right of MSEDCL.
- 20.17 Purchase/ Lease of Land**
- a) Ordinarily MSEDCL shall provide the land for the purpose of construction of new sub-station if land is already in possession or acquired by MSEDCL in DF area.

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- b) If new land is required, then MSEDCL shall purchase / lease land for new sub-station and handover to Distribution Franchisee for construction of sub-station on best effort basis. The MSEDCL shall hold the title of purchased / leased land.
- c) Where in the opinion of Distribution Franchisee the provision of power supply require installation of DTC within applicant premises related to an application of power supply, the applicant/ consumer shall make suitable piece of land available by way of lease. However, the lease agreement shall be executed with MSEDCL and MSEDCL is liable to pay lease rent if any for the land.

Notices

All notices to be given under this Agreement shall be in writing and in the English language.

A notice shall be effective when delivered or on the notice effective date, whichever is later.

All notices must be delivered personally, by registered or certified mail or by facsimile transmission to the address given below:

For MSEDCL:

The Chief Engineer, (Nashik Zone),

Maharashtra State Electricity Distribution Company Ltd.,

Address:- Vidyut Bhavan , Nashik Road, Nashik 422 101

Phone: 0253-2461767, 24610145

Fax: 0253-2461581, 2456380

Email: cenashik@mahadiscom.in

Agreement Representative:

Director (Operations)

Maharashtra State Electricity Distribution Company Ltd.,

Plot No G- 9, Anant Kanekar Marg,Prakashgad, Bandra (East),

Mumbai 400 051.

Phone:022-26474750, 22619100

Fax:022-26474750E-Mail:
directoropmsedcl@gmail.com

directorop@mahadiscom.in,

For Distribution Franchisee:

Engineer-in-charge:

Agreement Representative:

All notices shall be effective: (i) if sent by facsimile transmission, when sent (on receipt of confirmation of the correct number or address); (ii) if sent by registered post or certified mail, within 5 days of dispatch; and (iii) if delivered personally, on receipt by intended recipient. Provided that all notices given by facsimile transmission shall be confirmed by registered or certified mail.

Each party shall forthwith notify the other party of any change in its address to which notices under this Agreement are to be delivered, mailed or facsimiled.

20.18 Amendment:

This Agreement may be amended only by written agreement of the Parties hereto, duly executed by an authorized representative of each of the Parties hereto.

20.19 Non-Waiver

The failure in any one or more instances of a Party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred or the waiver by said party of any breach of any of the terms, covenants or conditions of this Agreement shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect.

20.20 Binding Effect

This Agreement and the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Annexures attached hereto form part of the Agreement.

MSEDCL and the Distribution Franchisee hereby represent and warranty that:

- a) They are not prevented under the applicable Laws and Regulations to enter into this Agreement;
- b) They have obtained the required authorizations/ permits to sign this Agreement.

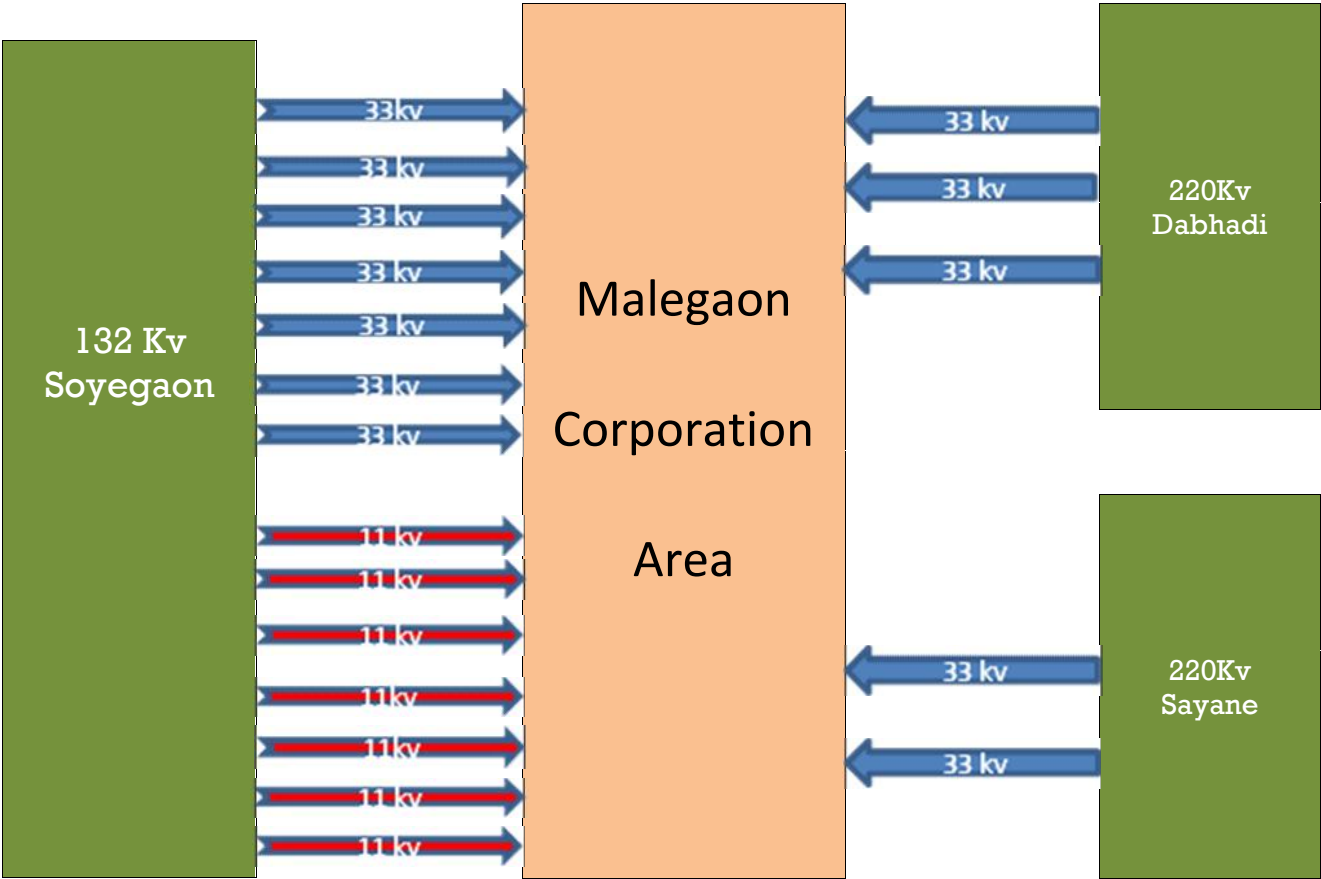
WITNESS WHEREOF the Parties have executed these presents through their authorized representatives at [Mumbai].

For and on behalf of [M/s Maharashtra State Electricity Distribution Company Limited]	For and on behalf [M/s (Insert name of distribution Franchisee)]
Signature with Seal	Signature with Seal
Chairman & Managing Director, Maharashtra State Electricity Distribution Company Ltd.	Mr. _____, (Designation), (Name Of Company)
Witness:- 1.	Witness:- 1. Mr. _____, (_____)
2.	2. Mr. _____ (_____)

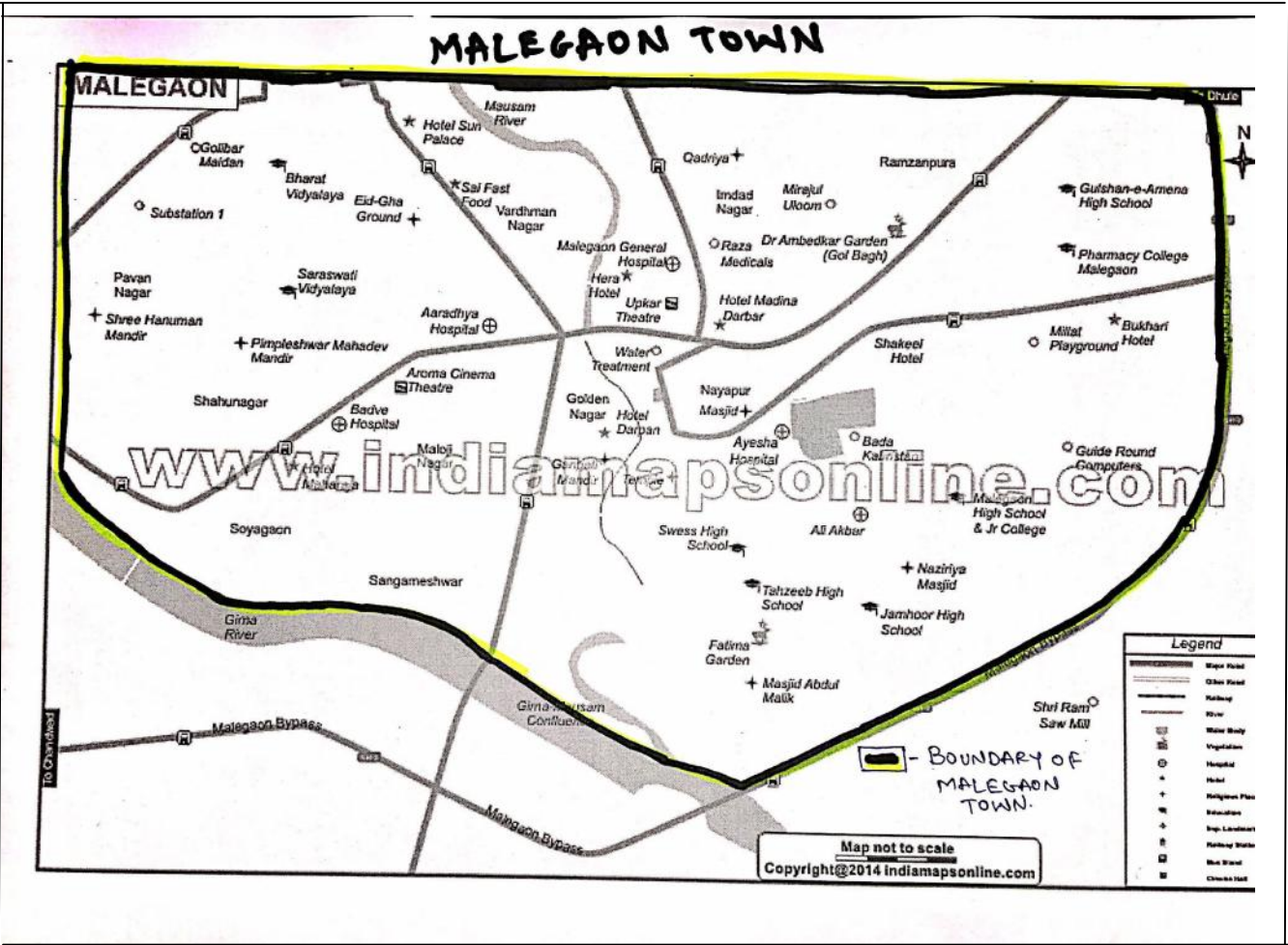
List of Annexure

Annexure-1:	Schematic Diagram of Input Feeders of Sub-Division s	151
Annexure-2:	Geographical map of the Franchise Area	152
Annexure-3:	Methodology for Energy Audit	153
Annexure-4:	Specifications of Consumer Service Centre	156
Annexure-5:	Schedule of Annualized Input Rates	160
Annexure-6:	Procedure for recovery of arrears	161
Annexure-7:	Minimum Level of Inventory	163
Annexure-8:	Deputation Rules of MSEDCL	164
Annexure 9:	MIS and Monitoring Reports	168
Annexure 10:	Procedure for calculation and application of Tariff Indexation (TIR))	182
Annexure 11	Computation of Average Billing Rate (ABR)	184
Annexure 12:	: Format for Escrow Agreement	185

ANNEXURE-1: Schematic Diagram of Input Feeders of Sub-Division s



ANNEXURE 2: GEOGRAPHICAL MAP



ANNEXURE-3: METHODOLOGY FOR ENERGY AUDIT

	Sr. No.	Column Name	Description	Source of data	Remarks
Energy Input	1	Dist.	Energy sent to O&M division from EHV substations on 33kV, 22kV, 11kV feeders as applicable	Joint Meter Readings by MSEDCL and the Distribution Franchisee	
	2	EHV Consumers	Energy sent to EHV Consumers under O&M division from EHV feeders	Substation wise import/ export venergy transactions of concerned EHV substations from SE (EHV O&M)	
	3	Other input at distribution level	Energy input other than non-EHV source like CPPs, IPPs, NCE generation sources, small hydro etc.	Distribution Franchisee	
	4	Cross-over, if applicable	Energy exchange between adjacent circles/divisions	Distribution Franchisee	Only mutually agreed transactions considered. Every import must have corresponding export and vice-versa.
Total input Energy	5	Sum of 1 to 4			
Metered Billing	6	HT	Energy Sales to High Tension Consumers	Distribution Franchisee	
	7	LT	Energy Sales to Low Tension Consumers	Distribution Franchisee	
	8	Metered LT-AG	Apportioned energy	Distribution	Due to quarterly

		apportioned unit	sales to low tension Ag Consumers	franchisee	billing cycle metered Ag sales appears in billing data once in three months at the end of every quarter. To avoid this uneven appearance this sale is apportioned to remove fluctuation in total sales and thus losses.
	9	Credit Billing	Credit units not appearing in HT sales at (6) above to HT Consumers	Distribution Franchisee	
	10	Other Billing	Miscellaneous metered billing not appearing in (6) to (9) above	Distribution Franchisee	
	11	Total Metered Energy	Sum 6 to 10		
	12	Percentage of Metered Billing w.r.t. Input Energy	11 divided by 5 multiplied by 100		
	13	LT-AG Load in HP as on ----- -----.	Connected Load of Un-metered Ag consumers in HP for the Franchise Area as on end of latest quarter	Distribution Franchisee	
Un-metered Energy	14	KWh/ HP/ Month	Index derived from metered LT agriculture consumption for the Sub-Division	Distribution Franchisee	
	15	Consumption	Multiplication of 13 & 14		
	16	Other	Other Miscellaneous billing not appearing	Distribution Franchisee	

			in 14-15		
	17	Total Un-metered Energy	Sum of 15 and 16		
	18	% Un-metered energy w.r.t. Input Energy	(17 divided by 5) multiplied by 100		
Total Energy Sales	19		Sum of 11 and 17		
Loss	20		5 less 19		
Loss in percentage	21		(20 divided by 5) multiplied by 100		

ANNEXURE-4: SPECIFICATIONS OF CONSUMER SERVICE CENTRE

The Consumer Service Centre (CSC) is an initiative for providing information and service to the consumers. The CSC shall act as an interface between the customer and the Distribution Franchisee operations in the entire customer facing process. The services to be rendered by the CSC shall be as below:

- Connection services – relates to customer acquisition including temporary connection, load change, category change, name/ address change and closure of connection
- Billing- duplicate bill generation and billing related compliant handling
- Collection Management- collection facilitation
- Recording and redressal of supply related complaints
- Help desk

The CSC shall be in the shape of physical infrastructure and shall be manned by persons of the Distribution Franchisee.

The channels of interface at the CSC shall be as under:

1) Help desk services

User self-use kiosks (optional) – Touch screen kiosks to be kept at the sub divisional offices, which will guide the customer through graphical user interface. These kiosks shall also act as collection boxes, which will help in collecting the payment of the electricity bills and issue a receipt once the cheque/ cash is received.

Notice Boards disseminating information regarding:

- Power outages schedule;
- Standards of Performance;
- Emergency numbers in case of accidents;
- General information regarding saving of power;
- Contact numbers of concerned officials;
- Performance graphs.

2) Operations of the CSC*New Connection process*

The CSC agent shall explain to the Customer, the details of filling up of the forms and shall also inform the customer about the required documents, fees and other charges. The CSC agent shall check the adequacy of the form and document and shall issue a receipt to the consumer. The form shall be promptly forwarded for further action to connect the customer.

Duplicate Bill

The CSC shall issue a duplicate bill to the customer upon request.

Collection of Payments

The CSC shall be equipped to handle collection of bills from the consumers. The CSC shall collect the payment against bills and issue a prompt receipt to the consumer.

Complaint Handling

The CSC shall register the commercial and supply related complaints of consumers and issue a complaint number to the customer. The complaints so registered shall be promptly forwarded for taking necessary action for redressal.

ILLUSTRATIVE LIST OF THE COMPLAINTS/ SERVICES TO BE HANDLED BY THE CSC

Sr. No.	Service Segment	Service Details
1	New Connection Related	Request for application form
		Query on time taken for new connections
		Security Deposit queries
		Application status
		Expected Date of meter installation
		Capital works expected completion date
		Customer number assignment
		Contract not provided
		Temporary Connection

Sr. No.	Service Segment	Service Details
		Other new connections request
2	Meter Related	Meter Running-fast
		Meter Running-slow/ sluggish
		Meter Stuck up
		Meter burnt
		Shifting of meter
		Other meter related requests
3	Billing Related	Billing Correction request
		Wrong Billing
		Duplicate billing request
		On demand bill request
		Late bill receipt
		Meter Reading-correction request
		Meter Reading not taken
		Arrears dispute
		Additional charges dispute
		Surcharge dispute
		Back billing dispute
		Other billing requests
		Reporting of theft/ malpractice
4	Disconnections and Dismantlement related	Disconnection dispute
		Disconnection request
		Temporary disconnection request
		Dismantlement dispute
		Termination request
		Other disconnection and dismantlement requests
		Reconnection requests
5	Supply Related	Fuse-off call
		Supply failed-total area
		Supply failed-individual
		Supply failed-one phase out
		Dim supply
		Voltage fluctuation
		Blinking
		Transformer-smoke/ flames
		Transformer-cable/ lugs burnt
		Transformer-sparking at the poles

Sr. No.	Service Segment	Service Details
		Transformer-leaking
		Voltage-High/Low
		Line-snapped/ bunched/twisted/ tree branches touching
		Pole-shock
		Pole-Leaning/ fell down
		Pole- Rusted/ damaged
		SC- Wire broken/ damaged/ loose connection
		Street Light-not glowing
		Other supply related requests
6	Other Customer Related Requests	Name Change
		Title transfer
		Category Change
		Address Change
		Telephone Number change
		Shifting of service
		Connected Load query
		Change of connected load
		Conversion from single phase to three phase and vice versa.
		Delay in release of additional load
		Exception status query
		Replacement of service wire
		Requirement of additional Poles
		Line shifting/ DTC shifting
		Additional streetlight required
		Status of complaints
		Other customer requests

**ANNEXURE – 5: SCHEDULE OF ANNUALISED INPUT RATE OF
DISTRIBUTION FRANCHISEE**

Year commencing from effective date	Annualized Input Rate (Rs per KWh)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

ANNEXURE - 6: PROCEDURE FOR RECOVERY OF ARREARS

- 1) An Arrear Recovery Team (ART), comprising financial and technical experts from MSEDCL and a suitable representative having experience in Legal matter (preferably professional lawyer) from DF shall be formed jointly by MSEDCL and DF under the supervision of concerned designated MSEDCL's officer for this purpose.
- 2) The broad scope of work of the Arrear Recovery Team would be as under:
 - a. Recommending the validity and quantum of arrears.
 - b. Recommending waiver of interest and/or principal of the arrears depending on the merits of the case and applicable MSEDCL policies.
 - c. Recommending suitable installments for payment of finally settled amount
 - d. The arrears shall be divided into three broad areas:
 - i. Arrears for theft assessments
 - ii. Arrears for energy billed
 - Based on actual meter reading
 - Based on assessment
 - iii. Arrears for miscellaneous charges, security deposits, etc.
 - e. The Recovery Team shall follow a methodology for the above arrears with the approval of concern competent authority in accordance with prevailing MSEDCL's circulars / policies.
- 3) The broad process to be followed by the DF would be as under:
 - a. The Consumers shall be notified of the formation and the working of the ART through mass media.
 - b. Notices would be sent to Consumers with arrears
 - c. If the customer has not heeded the notice or paid his dues, he would then be called by the ART for settlement of his case
 - d. If he does not appear before the ART then the ART shall take ex-parte decision as per merit of the case.
 - e. In case of disputed dues of billing, actual meter reading or actual assessment depending on load would be carried out and a fresh demand notice be served on the Consumer.

-
- f. After a particular Consumer's arrears have been mutually finalized and recommended by the ART, a schedule of payment would be drawn up.
 - g. Such a payment schedule with reasons and recommendations shall be put for the approval of the competent authority to be nominated by MSEDCL
 - h. Upon final decision of the competent authority for each defaulting Consumer, the Distribution Franchisee shall follow the due process of disconnection as stipulated by Electricity Act 2003.
-
- 4) The Distribution Franchisee shall continue to show the old arrears of MSEDCL in the Consumers' bill so as to effectively continue the claim of MSEDCL on these arrears.
 - 5) The Distribution Franchisee shall make available suitable office and secretarial help to the ART at the Franchise Area.

ANNEXURE-7: MINIMUM LEVEL OF INVENTORY

Sr. No.	Material Description	Unit	Quantity
1	Distribution Transformer 22/0.4 kV of various capacities	Nos	30
2	XLPE Cables		
2(a)	22 kV XLPE Cable of appropriate sizes	Km	2
2(b)	33 kV XLPE Cable of appropriate sizes	Km	2
3	LT PVC armoured Cable	Km	4
4	Conductor(of various sizes (each size)	Km	10
5	RSJ Poles		
5.1	RSJ for HT of various sizes	Nos	60
5.2	RSJ for LT of various sizes	Nos	60
6	Hardware Set suitable for Conductor	Set	250
7	HRC Fuse base of various capacities	Nos.	500
8	Aluminum Lugs of various sizes	Nos.	2000
9	End termination kits		
9 (a)	22 kV End termination kits suitable for various sizes	Sets	36
9 (b)	33 kV End termination kits suitable for various sizes	Sets	20
10	Meters		
10 (a)	Single phase electronic meters	Nos.	5000
10 (b)	Three phase meters	Nos.	2000
11	Current Transformers 22kV of suitable capacity.	Nos	75
12	Potential Transformers 22kV/ 110 V	Nos.	15
13	Current Transformers 33 kV of suitable capacity	Nos	10
14	Potential Transformers 33 kV/ 110 V	Nos.	10
15	kit kats of various sizes(each)	Nos.	100
16	Fuse wires of assorted sizes	Kg	100

ANNEXURE-8: DEPUTATION RULES OF MSEDCL

Deputation Rules of MSEDCL

1. Period of deputation:

The period of deputation shall not exceed the term of this Agreement.

MSEDCL shall have the right to recall the employees on deputation in case of vigilance enquiries or departmental proceedings are pending against him or are initiated any time during the tenure of his deputation.

Also, in case the services of the Deputationist are required by MSEDCL, MSEDCL has a right to recall the Deputationist prior to the completion of deputation period with the consent of the Distribution Franchisee with due notice of two months.

Distribution Franchisee would have the right to send any Deputationist back to MSEDCL with one month's notice to the MSEDCL without assigning any reasons.

2. Pay and Allowances :

During the period of deputation, the Deputationist shall draw the pay in the pay scale which he as holding prior to the deputation, with all other allowances or any increase in the pay and allowances from time to time for what so ever reasons, had he been continued with the MSEDCL. The expenditure on this account shall be borne by the Distribution Franchisee.

3. Travelling Allowance :

The Deputationist shall be entitled to Travelling Allowance and Daily Allowance for journey while on Tour as per the rules of the Distribution Franchisee OR as per the rules applicable to the employees in MSEDCL for which the Deputationist shall have to intimate to the Distribution Franchisee within one month from the date of joining, otherwise he shall be governed under MSEDCL rules.

4. Leave Travel Concession :

The Deputationist shall opt either for the Leave Travel Concession rules pertaining to the Distribution Franchisee OR MSEDCL within one month from the date of joining, otherwise he shall be governed under MSEDCL rules. The expenditure on this account shall be borne by the Distribution Franchisee.

5. Medical Reimbursement :

The Deputationist shall have liberty to opt for the Medical Reimbursement Scheme, pertaining to the Distribution Franchisee OR of the scheme prevailing

in MSEDCL as per G.O.20 (P). The expenditure on this account shall be borne by the Distribution Franchisee.

6. Contributions

Leave Salary Contribution

During the period of deputation, the leave salary contribution @ 11% of the emoluments after adjusting for leaves actually earned and availed by the Deputationist shall be borne by the Distribution Franchisee and remitted to MSEDCL. For this purpose, emoluments are defined as the total of Basic Pay, Dearness Allowances, Fringe Benefits and CLA.

Contributory Provident Fund Contribution

During the period of deputation, the CPF Subscription @ 12% of the monthly emoluments shall be recovered from the emoluments of the Deputationist as per the Contributory Provident Fund Regulations of the MSEDCL and remitted to the MSEDCL every month by the Distribution Franchisee along with additional equal matching amount of contribution, as a Employer's share. For this purpose, emoluments are defined as the total of Basic Pay and Dearness Allowances.

The due date of remittance of the payment of contribution of contributory provident fund of the Deputationist (both contributions) shall be adhered by the Distribution Franchisee to MSEDCL. The Payments towards CPF Advance and 90% of CPF amount and final settlement of CPF which is payable on superannuation to the concerned Deputationist, shall be made by MSEDCL.

Gratuity Contribution

The Gratuity Contribution pertaining to the period of deputation shall be borne by the Distribution Franchisee as per the existing regulations of the MSEDCL as amended from time to time.

The Payment towards final settlement of Gratuity including the eligible advance shall be made by MSEDCL.

The payments towards leave salary contribution, CPF and Gratuity contribution shall be sent by the Distribution Franchisee by separate Demand Draft for each item in favor of MSEDCL every month. In case of default in remittance on the part of the Distribution Franchisee, the interest @10% shall be levied by the MSEDCL.

7. Leave :

During the period of deputation, the Deputationist shall be governed by the leave rules of the MSEDCL, except casual leave for which the Deputationist shall be at liberty to opt for the rules prevailing with Distribution Franchisee or of MSEDCL.

The Distribution Franchisee shall also be liable to pay leave salary and allowances in respect of special Disability Leave, if any, granted to the Deputationist on account of any disability incurred in and through the service under the Distribution Franchisee, even if such disability manifests itself, after termination of the service with the Distribution Franchisee.

8. Vehicle Facility :

The Deputationist, during the period of deputation, may be provided suitable vehicle by the Distribution Franchisee for official use, if he is entitled for the same under MSEDCL.

9. Travel in India or Abroad while on Deputation :

The Deputationist may travel anywhere in India on tour for the works of Distribution Franchisee without intimation to MSEDCL. If, however, he is required to travel abroad, the permission of the MSEDCL shall be obtained in advance.

10. Recoveries :**Accommodation/Quarter**

If Residential Accommodation /Quarter is provided by the MSEDCL in Franchise Area, the rent under the rules of MSEDCL towards the Accommodation /Quarter shall be recovered from the Deputationist from his monthly salary and remitted to the MSEDCL every month.

Loan and Advances

The Distribution Franchisee may grant any loan or advance to the Deputationist. However, the recovery towards the same shall be made by the Distribution Franchisee, only during the deputation period of the concerned Deputationist. The MSEDCL shall not be liable for any un-recovered portion of any loan or advance or interest, granted to the Deputationist by the Distribution Franchisee.

General Recoveries

The amount towards recoveries from the Deputationist such as Life Insurance Premium, Loan from Credit Societies, Housing Loans, Vehicle Loans from MSEDCL or any Bank etc, shall be remitted by the Distribution Franchisee after

its recovery from the salary of the Deputationist, directly to the concerned Organization i.e. MSEDCL, Bank, LIC or Credit Society etc, as the case may be.

11. Insurance Coverage

During the period of deputation, the Deputationist shall be covered under insurance policy. The risk coverage and other facilities under the policy shall be in line with the provisions of Workmen's Compensation act, 1923 and any other Labor Law, if any, in force or coming in existence in future. The amount of premium paid towards the policy to be borne by the Distribution Franchisee.

12. Retirement Benefits

The Deputationist shall continue to be governed for retirement benefits as per the rules applicable to the employees in MSEDCL.

13. General

1. The Distribution Franchisee shall furnish the Confidential Reports in respect of the Deputationist in the State-wise Seniority, to the MSEDCL in the prescribed form every year.
2. The Deputationist shall be entitled for the benefits of the next higher scale/post as per the rules of MSEDCL under General Order No. 74(P) dated 30/4/1974/G.O.111 (P) dt.13/5/1982 OR promotion as per due turn according to the rules under MSEDCL.
3. If departmental enquiry is to be instituted against the Deputationist for major acts of misconduct he shall be repatriated to the MSEDCL and the departmental action will be taken by the concerned Competent Authority in MSEDCL.
4. If the Deputationist submits resignation or seeks voluntary retirement then such application shall be forwarded by the Distribution Franchisee to MSEDCL for taking decision in the matter.
5. The Distribution Franchisee may revise the rules/regulations after the initial deputation period regarding the service conditions, financial matters and other pecuniary benefits pertaining to its organization. No such revision shall be made by the Distribution Franchisee without the consent of the Deputationist.

ANNEXURE-09

MIS REPORTS

**The following information shall have to be furnished by the Franchisee to
MSEDCL for each subdivisions of the Franchise Area separately**

PERFORMANCE INDICATORS

MERC SOP NOT FOLLOWED

Sr. No.	Division/Franchise Area	No. of SOP cases		Remarks
		Nos.	Fine Rs.	

Losses

Sr. No.	Division/Franchise Area		Distribution Losses			Remarks
			Quarterly	Six Monthly	Yearly	
		Monthly				

New Connection Details

Sr. No.	Division/Franchise Area	New Connections released		First bill issued		Remarks
		In month	Upto	In month	Upto	

No. of pending consumer grievances

Sr. No.	Division/Franchise Area	Pending	Remark

No. of pending RCI Connections

Sr. No.	Division/Franchise Area	Residential R	Commercial C	Industrial I	Remarks

Pending Agricultural Connections

Sr. No.	Division/Franchise Area	Paid Pending	Test report Submitted	Pending Under KVY	Remarks

Pending Power Loom Connections

Sr. No.	Division/Franchise Area	Paid Pending	Test report Submitted	Remarks

Pending industrial Connections

Sr. No.	Division/Franchise Area	Paid Pending	Test report Submitted	Remarks

Pending Connections other than above

Sr. No.	Division/Franchise Area	Paid Pending	Test report Submitted	Remarks

Collection Efficiency

Sr. No.	Division/Franchise Area	Monthly Demand	Monthly Collection	% C.E.	Remarks

Reduction in PD Arrears

Sr. No.	PD Arrears -Effective Date		PD Arrears –Every Month end		Remarks
	Consumer No.	Rs. Crores	Consumer No	Rs. Crores	

--	--	--	--	--	--

Reduction in Live Arrears

Sr. No.	Live Arrears -Effective Date		Live Arrears -Every Month end		Remarks
	Consumer No.	Rs. Crores	Consumer No	Rs. Crores	

Details of Accidents in the Franchise Area

Sr. No.	No. of Fatal Accident				No. of Non Fatal Accidents								Remarks
	DF Employees		Other Persons		Animals		DF Employees		Other Persons		Animals		
	During month	Cumul ative	During month	Cumulati ve	During month	Cumulat ive	During month	Cumul ative	During month	Cumulat ive	During month	Cumu lative	

Energy Audit of Express Feeders

Sr. No.	Name of S/ Stn	Name of feeder/ Name of Consumer & Cons. No.	Month	Energy Con. recorded by S/Stn meter	Energy Con. recorded by consumer meter	Difference	% Loss	Remarks

Details of Failure of Distribution Transformers

Month	Details	Capacity in KVA																		Total	
		25	50	63	100	150	200	250	300	315	400	500	600	630	750	830	1250	1000	1600	Nos.	KVA
	Transformers in operations																				
	Transformers failed																				
	Percentage of failure (%)																				

Details of HT Consumers addition during the month

[illegible]

Complaints

Sr.No.	Particulars	During the month	Upto date Progress
<u>Consumer Grievance Redressal Forum</u>			
1	No. of Complaints /Grievance received		
2	No. of Complaints /Grievance solved		
3	Balance complaints at the end of month to be resolved		
<u>MERC</u>			
1	No. of Complaints /Grievance received		
2	No. of Complaints /Grievance solved		
3	Balance complaints at the end of month to be resolved		

Material Returned to MSEDCL

Sr.No.	Particulars	Unit	Quantity	Date of return	Remark
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
Etc...					

Infrastructure Augmentation

Sr. No.	Description	Unit	Up-to-date Progress
TECHNICAL			
1	As per 2011 Census		
	Villages	Nos.	
	Towns	Nos.	
	Villages – Electrified	Nos.	
	Towns – Electrified	Nos.	
	Balance to be Electricified - Villages	Nos.	
	Balance to be Electricified - Towns	Nos.	
2	WADIES		
	Electrified during the month	Nos.	
	Balance to be Electricified	Nos.	
	Total Electrified – Cumulative	Nos.	
3	Overhead Lines (33 KV)		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
4	Overhead Lines (22KV)		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
5	Overhead Lines (11KV)		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
6	Underground Lines (33 KV)		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
7	Underground Lines (22 KV)		
	As on	KM	
	Added during the month	KM	

Sr. No.	Description	Unit	Up-to-date Progress
	Added during the year	KM	
	Upto date	KM	
8	Underground Lines (11 KV)		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
9	LT Line – Overhead		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
10	LT Line – Underground		
	As on	KM	
	Added during the month	KM	
	Added during the year	KM	
	Up to date	KM	
11	22/0.4 KV DTC		
	Transformers in operations	Nos.	
	Added during the month	Nos.	
	Augmented during the month	Nos.	
	Failed during the month	Nos.	
	% Failure	%	
12	11/0.4 KV DTC		
	Transformers in operations	Nos.	
	Added during the month	Nos.	
	Augmented during the month	Nos.	
	Failed during the month	Nos.	
	% Failure	%	

ANNEXURE 10: PROCEDURE FOR CALCULATION AND APPLICATION OF TARIFF INDEXATION

1. For raising the first bill for the Franchise agreement, MSEDCL will consider the Average Billing Rate (HT& LT) of the relevant billing cycles two months prior to the first bill for Tariff indexation under Article 7 of DFA on a provisional basis. The actual HT/ LT rate of the first month of the Distribution Franchise Agreement will be calculated by PC wise pro-rating the HT/ LT sales of first and second months of the Franchise Agreement which will be made available by the Franchisee by first week of the fourth month after the billing period of the invoice. The truing up of tariff indexation will be done based on this actual rate provided by the Franchisee and the differential amount will be adjusted in the next weekly invoice.
2. For all months starting from that of the second bill e.g. month 'n', all the fortnightly/ weekly bills raised during the month 'n' will be indexed based on the provisional HT/ LT average billing rate determined in first week of month 'n' (considering sales recorded for previous month 'n-2'). The actual rate of month 'n' will be calculated by PC wise pro-rating the HT/ LT sales of month 'n' and 'n+1' which will be made available by the Franchisee by first week of month 'n+2'. The truing up of tariff indexation will be done based on this actual rate provided by the Franchisee and the differential amount will be adjusted in the first weekly invoice of month 'n+2'. An illustration of the same is provided herewith.

Illutrative Example					
Applicable HT/LT rate for Respective month					
	FEB.	MAR.			
Charge for Supply of Power FOCA	2.00	2.00			
	0.10	0.25			
TOTAL	2.10	2.25			
PC (billed on 4th of each month)					
	UNITS	Revenue	Pro-rata Units	Pro-rata revenue	Pro-rata for
4th February	200.00	420.00	26.67	56.00	4.00
4th March	300.00	675.00	257.14	578.57	24.00
			283.81	634.57	28.00
PC (billed on 12th of each month)					
	UNITS	Revenue	Pro-rata Units	Pro-rata revenue	Pro-rata for

12th February	200.00	420.00	80.00	168.00	12.00
12th March	300.00	675.00	171.43	385.71	16.00
			251.43	553.71	28.00
	Pro-rata Units	Pro-rata revenue	Rate applicable for truing up February input energy		
PC billed on 4th	283.81	634.57			
PC billed on 12th	251.43	553.71	2.22		
Total	535.24	1188.28			
Total	535.24	1188.28			

3. For calculating the actual HT/ LT average billing rate in (1) and (2) above, all components of tariff as per MERC order shall be considered except the components of billing like Electricity Duty, Tax on sale of electricity, delayed payment charges and interest, and penalty for theft assessment as per format annexed at annexure 11.
4. The actual HT/ LT average billing rate computed in (1) and (2) above will be audited by the independent auditor annually (including next year's April pro-rata period and excluding current year's April pro-rata period)

ANNEXURE 11: COMPUTATION OF AVERAGE BILLING RATE (ABR)

ABR CALCULATION		
Sr. No.	Particulars	Amount in Rupees
1	Energy Charges	
2	Fixed /Demand Charges	
3	FCA	
4	Electricity Duty	
5	Wheeling Charges	
6	TOSE	
7	PF Penalty	
8	Load Factor Incentive	
9	PF Incentive	
10	Demand Penalty	
11	Prompt Payment Discount	
12	B 80 Adjustment	
13	EHV Rebate	
14	Additional Charges	
15	Other Charges (if any)	
A	Grand Total	
B	Electricity Duty+TOSE+Taxes	
A-B	Total Demand	
C	Total Sale (Metered + Unmetered)	
(A-B)/C	ABR	

- N.B.:**
- i) Energy charges is inclusive of subsidy, if any.
 - ii) Pass on Charges(PC) are not to be considered in ABR and to be treated separately
 - iii) Base Year (2016-17) ABR is Rs. 6.0205kwh (fixed)

ANNEXURE 12: FORMAT FOR ESCROW AGREEMENT

This Agreement made at Mumbai this ----- day of ----- between the Maharashtra State Electricity Distribution Company Ltd. having its registered office at 4th Floor, Prakashgad, Prof. Anant Kanekar Marg, Bandra (East), Mumbai - 400 051, hereinafter called “the MSEDCL” (which expression wherever the context so admits, shall include its successors and assigns) of one part

AND

M/s. -----having its registered office at ----- (which expression whenever the context so admits shall include its successors and assigns in) of the other part.

AND

Designated Bank and address and acting for the purposes of this Agreement (hereinafter referred as “**Escrow Agent**” which term shall mean and include, unless repugnant to the context or meaning thereof, its successors Escrow Agent).

M/s, MSEDCL and Escrow Agent may wherever the context so permits, be collectively referred to as “ **the parties**” and individually as “ **a Party**”.

Whereas, M/s And MSEDCL have entered into Distribution Franchise Agreement (“**DFA**”) dated M/s has agreed to release payment to MSEDCL as per article 7 of DFA.

Whereas for the convenience of both the parties and to ensure timely payment of dues to MSEDCL Agreement to release the payment against invoices raised by MSEDCL, now the parties have agreed to enter into this Escrow Agreement to release payment to MSEDCL from the amount collected in the Escrow account.

Whereas the Escrow agent has agreed to act as an Independent Escrow agent and the parties mutually agree to the Escrow mechanism defined herein under and other related matters set out in this Agreement.

Whereas M/s..... has agreed for establishing an Escrow mechanism for release of payment to MSEDCL in designated Bank and address on its Current

account no..... (hereinafter referred to as “**Designated Account**” maintained with (**Escrow Agent**) for revenue collection made by M/s.....and to pay to MSEDCL.

Whereas M/s also declared and undertakes that it shall not make any adjustment against receivable directly or through any other person or account except as provided under the Agreement and ensure that no person is being authorised to utilise the proceeds in the Escrow Account for payment of the dues to the MSEDCL from M/s in the manner provided in the Agreement.

Definitions

“**Business Day**” shall mean any day, other than Saturday, Sunday and any days declared as “**Public Holiday**” in accordance with the section 25 of the negotiable Instrument Act, 1881 in Mumbai and in the city where the Escrow Account is held.

“**Communication**” shall mean any and all communications, in writing which may be given by a party to the other parties.

“**Designated Account**” shall mean the collection a/c of name of M/s..... A/c no..... with designated Bank and Address.

“**Designated Bank**” shall mean the Bank with whom account is opened.

“**Escrow Account**” shall mean Escrow mechanism to be operated by Escrow Agent on the said designated Account only till the validity of this Agreement.

“**Escrow Funds**” shall mean the money deposited in the Escrow account from time to time by M/s....., being all the amounts payable by M/s..... to the MSEDCL.

“Escrow Mechanism”

- a. All collections made by M/s..... towards electricity bills of consumers under designated Malegaon Corporation Area which comprises of Malegaon Urban I,

II & III Sub-divisions and 5 villages of Malegaon Rural Subdivision under Malegaon Circle Distribution Franchise area shall be transferred to Escrow account.

- b. Escrow Agreement will be effective from.....
- c. MSEDCL shall have right and priority over M/s..... of DF to withdraw its dues before any other payment is to be done from this account and hence the designated Bank shall effect transfer of funds from the designates Account to MSEDCL's Account as per their intimation to the extent old outstanding amount as on the date of opening of this account and against the Invoices raised in future for the power supplied etc.

Now this Agreement witnesses as under:

1. Each of the parties M/s..... and MSEDCL hereby agree to appoint the Designated Bank and address as the escrow Agent and the Bank accept the appointment as the escrow agent of M/s..... and MSEDCL.
2. M/s..... will issue instructions to their designated Bank which shall be duly confirm by the said designated Bank to open a Lien Account (to hold out percentage of each party will be to the extent of the withdrawal amount) Said Escrow Account.
3. M/s..... in consultation with the MSEDCL and the Designated Bank will put in place a system to enable MSEDCL to operate the Escrow account.
4. M/s will not may open any other collection account with any other Bank without the written consent of MSEDCL and will not materially affect the existing mechanism from remitting collection into the Escrow Account.
5. M/s..... and MSEDCL confirm that M/s has given a Irrevocable and Unconditional authorization under this agreement in favor of the Escrow Agent extending inter-alia, the mandate to discharge the commitments under the Agreement from time to time and M/s.....and MSEDCL shall not revoke the mandate without clear written approval and consent of the Escrow Agent.
6. The Escrow agent shall not have any Lien or right or right to set off or be entitled to asset a general claim on the money in the Escrow account.
7. Failure of M/s.----- make adequate payment equivalent to the amount of current Invoice bill and interest outstanding by the due dates in each month will attract invocation of Standby Letter of Credit by the MSEDCL.
8. M/s.---- will instruct to their banker to arrange for a statement of Accounts detailing all deposits, transfer, disbursement or payment of collection and no lien Account not later than 15 days from end of each quarter pertaining to previous quarter.

-
9. The amount deposited in the Escrow Account shall be applied and disbursed by the Escrow Agent as provided herein this Agreement. Upon payment of such amount to MSEDCL the Escrow Agent shall intimate the same to M/s.....
10. M/s..... shall indemnify the Escrow Agent against any Financial Liability while discharging its duty being an Escrow Agent. No claim shall be against the Escrow Agent whether monetary or otherwise from the MSEDCL or M/s..... in the event of non-remittance of the amounts of the Escrow account to MSEDCL's Bank due reopen of force Majuro. i.e. strikes – revolts and natural calamities.

IN WITNESS whereof the parties hereto have executed these presents the Day.....
Month.....Year.....hereinabove written.

SIGNED AND DELIVERED

M/s.....

Through its authorized signatory

.....

Duly authorized vide Board Resolution dated.....

In presence of.....

SIGNED AND DELIVERED

By the within named MSEDCL

Maharashtra State Electricity Distribution Company Ltd

Through its authorized signatory

.....

Duly authorized vide Board Resolution dated.....

In presence of.....

SIGNED AND DELIVERED

By the within named (Name of Bank)

Through its authorized signatory

.....

Duly authorized vide Board Resolution dated.....

In presence of.....

ANNEXURE C: MINIMUM BENCHMARK INPUT RATE OF MSEDCL

Year	Input Rate (Rs / kWh)
1	3.2095
2	3.5906
3	3.8954
4	4.1240
5	4.2764
6	4.3033
7	4.3301
8	4.3569
9	4.3838
10	4.4106
11	4.4374
12	4.4643
13	4.4911
14	4.5179
15	4.5448
16	4.5716
17	4.5984
18	4.6253
19	4.6521
20	4.6789

ANNEXURE D: FORMAT FOR CLARIFICATIONS /AMENDMENTS ON THE RFP

Sr No.	Document (whether RFP/ DFA)	Clause No. and Existing provision	Clarification required	Suggested text for the amendment	Rationale for the Clarification or Amendment

For and on behalf of :

Signature :

(Authorized Signatory)

Name of the Person :

Designation :

Bidder's Rubber Stamp/ Common Seal and Full Address.

*(Note: This format shall be used for submission of requests for clarifications/amendments on the RFP. All queries and suggestions on the RFP should be as per the format provided in Annexure D and must be provided in soft copy via spreadsheet software (such as **Microsoft Excel**, etc.) to the address provided in Clause 6.16, in addition to hard copies, if any.)*

ANNEXURE E:- FORMAT REGARDING ACCEPTANCE OF MODEL DFA

We hereby confirm the following:-

1. We have examined in detail the Model Distribution Franchisee Agreement (DFA) incorporated as a part of RFP as Annexure 'B' and have understood and agree to abide by all the terms and conditions stipulated in the DFA issued by MSEDCL.
2. We are hereby submit the Undertaking regarding acceptance of terms and conditions of Model DFA.
3. We hereby agree that MSEDCL reserves the right to make any changes in the Agreement as per Annexure 'B' before DFA is signed by both the parties.
4. We hereby agree to submit the Signed and Accepted Model DFA separately in Hard Copy on or before date and time of submission of bid. We understand that , the hard copy is required to be submitted to the office of Superintending Engineer (Distribution Franchisee) on following address:

**Office of the Superintending Engineer (Distribution Franchisee)
Maharashtra State Electricity Distribution Company Ltd.
Prakashgad, Plot No. G-9, Anant Kanekar Marg,
Bandra (East) ,Mumbai -400051.**

For and on behalf of:

Signature :

(Authorized Signatory