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KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

CIN No. U40109KA1999SGC025521

Corporate Office
Kaveri Bhavan, K.G Road,
Bengaluru-560 009

KPTCL/B28(a)/32543/2012-13

Date: 18.12.2020

CIRCULAR

Sub: Execution of O&M Agreement between KPTCL and the Generators for collection of O&M charges for dedicated Transmission Lines of Generators by KPTCL - reg.

- Ref:**
- 1) T.O Board Order of even No. dated 17.08.2012.
 - 2) Circular No. FA(A&R)/KCO-21/6936/2013-14 dated 12.06.2018.
 - 3) KERC Order dated 14.12.2018.
 - 4) T.O Circular of even No. dated 01.04.2019.
 - 5) Letter No. KPTCL/B36/2016-17/41633/112-24 dated 16.04.2019 of the Financial Advisor (RA), KPTCL.
 - 6) T.O note of even no. approved by the Managing Director, KPTCL on 18.12.2020

Hon'ble KERC has issued Order on 14.12.2018, in the matter of collection of O&M charges by KPTCL from IPPs. Based on the same a Circular cited under reference (4) was issued regarding procedure for revision of O&M charges for Terminal Bays.

Further, two separate standard agreement formats, one for collection of O&M charges from the Generators for maintenance of Terminal Bay as per KERC approved standard format and another format for the maintenance of Dedicated Transmission Line by KPTCL was issued by the O/o Financial Advisor (RA) to all CEE, Transmission Zones vide letter cited under reference (5).

It is to be noted that, as per the KERC Order dated 14.12.2018, it is stated "there is no obligation on the KPTCL to maintain the dedicated transmission line of the Generators and it can undertake such maintenance only if there is a consensus between the parties on payment of maintenance charges".

Now, it has come to the notice of the Corporation that despite the instructions being issued for execution of O&M Agreement between KPTCL and the Generators, the same are not being strictly followed.

..2)

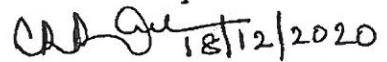
Hence, all the TL & SS Divisions are hereby directed to initiate action to inform the Generators in their jurisdiction to enter into an O&M Agreement with KPTCL for maintenance of the dedicated Transmission Lines of the Generators who are willing to seek such maintenance works from KPTCL.

In case, if the Generators have failed to enter into an O&M Agreement, KPTCL shall not maintain such dedicated Transmission Lines and the Generator be informed that maintenance work if any has to be carried out by themselves.

As regards to Terminal Bays, the same procedure for collection of C&M charges from the Generator shall continue by executing the O&M Agreement without fail as per the Corporate Order & Circular under reference.

In case of any default in payment of O&M charges, the TL&SS Division shall initiate appropriate legal recourse for the recovery of the same. It may be noted that if any TL&SS Divisions are maintaining dedicated Transmission Lines without valid O&M Agreement with the Generator, such cost would be recovered from the concerned Officers.

The above instructions shall be strictly adhered to.

 18/12/2020

Deputy General Manager (Tech.)
KPTCL

To:

- 1) All the Chief Engineers/Financial Advisors, KPTCL
- 2) All the Superintending Engineers/Controllers, KPTCL,
- 3) The G.M(Personnel), Corporate Office, KPTCL, Kaveri Bhavan,
- 4) The Superintending Engineer(EI), IT&MIS, Computer Section for hosting on e-prasarana.
- 5) All the Executive Engineers/DCAs, KPTCL
- 6) The Executive Engineer/Deputy Controller, HRD Centre, KPTCL, Bengaluru.
- 7) All the Accounts Officers, KPTCL
- 8) The Manager (IM), KPTCL, Kaveri Bhavan, Bengaluru.
- 9) The Manager (Establishment-II), KPTCL, Kaveri Bhavan,
- 10) The Manager (Cash & Accounts), KPTCL, Kaveri Bhavan,
- 11) All the Accounts Officers (internal Audit)/AAOs(internal Audit) KPTCL,
- 12) The Senior Audit Officer, KPTCL, Bengaluru,
- 13) EA to Director(Finance)/Director(Transmission), KPTCL.
- 14) SPS to Managing Director, KPTCL, Bengaluru
- 15) SPS to Director(Finance)/Director(Transmission)/ Director(A&HR) KPTCL,
- 16) PS to Company Secretary, KPTCL.
- 17) R&R to AAO-I/Sr. Assts/Assts of Accounts Section/ M.F

Telephone No: 080-22108119
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Email ID: fara1957@gmail.com

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

Corporate Identity Number (CIN): U40109KA1999SGC025521

Registered Office of the Company:

Corporate Office,
Kaveri Bhavan, K.G Road,
Bengaluru -560009.

Dated: 16.04.2019.

No. KPTCL/B36/2016-17/41633/ 112-24

Encl: Two nos. of Standard Format of Agreements (14 Pages)

The Chief Engineer, ElecI,
Transmission Zone, KPTCL
Bengaluru/Tumakuru/Mysuru/
Hassan/Bagalakote/Kalaburagi

Sir,

Sub: Agreement Format for Collection of O&M charges by KPTCL from the Generators- Reg.

Ref: 1.KERC Order dated 14.12.2018

2.T.O. Ltr.No.: KPTCL/B36/2016-17/41633/531-34 dated:02.01.2019

3.KERC Ltr.No.: KERC/CT-2/O&M charges/2018-19/1723

Dated:28.03.2019

The Commission vide letter dated : 28.03.2019 has approved "Standard format of Agreement of O&M Charges for Line Terminal Bay "to be entered into between KPTCL and Generators in the matter of collection of O&M Charges in respect of terminal bay, located in the KPTCL sub-station. The Copy of the Approved Agreement Format is herewith enclosed for ready reference.

Further, the Standard format of agreement to be entered into between KPTCL and the Generators in the matter of collection of O&M charges in respect of maintenance of the dedicated transmission line where the Generator has given consent for such maintenance is also enclosed herewith.

You are requested to arrange for execution of such agreements with concerned Generators from whom O&M Charges are being collected /to be collected.

Action taken report may be sent within 15days from the date of receipt of this letter.

Yours faithfully,

Financial Advisor (RA)

o/c

Copy to:

1. The Chief Engineer Electy, Planning & Co-ordination, KPTCL, Kaveri Bhavan, Bengaluru.
2. The Chief Engineer Electy, SLDC, A.R Circle, KPTCL, Bengaluru.
3. The Financial Advisor (I/A), KPTCL, Kaveri Bhavan, Bengaluru.
4. The Superintending Engineer(Ele.), IT & MIS Section , KPTCL, Kaveri Bhavan, Bengaluru with request for uploading the Standard Formats in KPTCL website.
5. PS to MD/DF/DT for placing it before MD/DF/DT for kind information

STANDARD FORMAT OF AGREEMENT

FOR

COLLECTION OF O & M CHARGES FROM

GENERATORS

FOR THE MAINTENANCE OF

TERMINAL BAY LOCATED AT

BETWEEN

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

**REPRESENTED BY EXECUTIVE ENGINEER(Elc),TL & SS
DIVISION**

AND

..... (GENERATING COMPANY)

DATED : _____

AGREEMENT

THIS AGREEMENT (hereinafter referred to as "O & M Charges Agreement" is made at _____ (place) on this the ____ day ____ month ____ Two Thousand

BETWEEN:

Karnataka Power Transmission Corporation Limited, (KPTCL) a Company incorporated under the Companies Act, 1956, having its Registered Office at Kaveri Bhavan, K.G. Road, Bengaluru, represented by its Authorized Signatory - Executive Engineer (Ele) TL & SS Division.

(hereinafter referred to as "KPTCL", which expression shall unless repugnant to the context or meaning thereof include its successors, and permitted assigns) as party of the one part;

AND

(1), a Generating Company, as defined under Section 2(28) of the Electricity Act, 2003, incorporated under the Companies Act, 1956 / Companies Act 2013, having its registered office at

(hereinafter referred to as "COMPANY", which expression shall unless repugnant to the context or meaning thereof include its successors, and permitted assigns).

WHEREAS KPTCL, a 'State Transmission Utility' in terms of Section 39 and other provisions of the Electricity Act, 2003, is engaged in the business of transmission of electricity in the State of Karnataka;

WHEREAS the COMPANY is engaged in the business of Generation of Electricity either for self-consumption and / or for supply under open access as per the provisions of the Electricity Act, 2003;

433

WHEREAS the dedicated transmission line of the Generating Plant of the COMPANY is connected to the State Transmission Network through the Line Terminal Bay;

WHEREAS the Karnataka Electricity Regulatory Commission (KERC) by its Order dated 14.12.2018, has held that, the KPTCL alone has to operate and maintain the Line Terminal Bay of the dedicated transmission line of the generators, located at the KPTCL sub-station and that the Operation and Maintenance (O&M) charges payable by the generators for the Line Terminal Bay, shall be at 1.5% of the Capital Cost of the Line Terminal Bay, with an annual escalation of 5.72% on the O&M charges, for the base year, besides the generators meeting the cost of equipment or spares required for replacement of failed or defective equipment;

WHEREAS the KERC, in its aforementioned Order, has further held that, the KPTCL shall have the right to recover the O&M charges for the Line Terminal Bay, at the aforesaid rate, from 17.08.2012.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE PREMISES AND MUTUAL AGREEMENTS, COVENANTS AND CONDITIONS SET FORTH HEREIN, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

- 1) The COMPANY shall pay to the KPTCL, the Annual O&M charges at the rate of 1.5% of the Capital Cost of the Line Terminal Bay, with an annual escalation of 5.72% on the O&M charges, for the base year, besides the generators meeting the cost of equipment or spares required for replacement of the failed or defective equipment or spares. The

472

descriptions of the Line Terminal Bay are stated in 'Schedule' to this agreement.

Explanation:

'Capital Cost of the Line Terminal Bay' shall mean, the Capital Cost relating to the Line Terminal Bay, excluding the cost of land, if any, as approved by the Competent Authority at the time of establishing the Line Terminal Bay.

- 2) The O&M charges shall become payable from the successful date of synchronization of the Generating Plant with the State Transmission Network [..... (date)] or from 17.08.2012, whichever is later.
- 3) The KPTCL shall raise a Bill in advance for the Annual O&M charges, by 15th of April of that Financial Year and shall serve the same on the COMPANY, immediately.
- 4) The COMPANY shall pay the amount demanded, in two equal instalments, viz., the first instalment becoming due within fifteen days from the date of receipt of the Bill, and the second instalment becoming due after six months from the date of receipt of the Bill.

Explanation: If the Generating Plant is commissioned in the middle of a Financial Year, the KPTCL may raise the Bill for the O&M charges upto the end of that Financial Year, within fifteen days from the date of the synchronization of the Generating Plant with the State Transmission Network. The Company shall pay the amount demanded within 15 days from the date of receipt of the bill.

- 471
- 5) In case, the COMPANY fails to pay the O&M charges within the due dates, the COMPANY shall pay interest at the rate of 6.25% per annum, on the amounts due, from the date it became due, till its realization.
 - 6) In case, the due date falls on a Bank Holiday / General Holiday, the payment shall be made on the next working day.
 - 7) The KPTCL would take all necessary care and precaution while handling the Line Terminal Bay equipment and spares, for the purpose of maintenance, as per the prudent utility practice. However, any accidental damage caused to the equipment or spares, shall have to be made good by the COMPANY and the KPTCL shall not be responsible for the same.
 - 8) The COMPANY is at liberty for taking appropriate Insurance Cover, for any risk, for the Line Terminal Bay equipment or spare, at its cost.
 - 9) The COMPANY shall have the first option for providing the equipment or spares, the Make and Model of which is duly approved by the KPTCL, for replacing the defective equipment or spares. In case, the COMPANY does not opt for it, in writing, then the KPTCL shall take necessary action for replacement of the defective equipment or spares and recover the cost of the same from the COMPANY, by raising the necessary bill. The COMPANY shall make payment of the amount raised in the bill, within fifteen days from the date of receipt of the said bill.
 - 10) In case, any arrears of O&M charges towards the Line Terminal Bay are not paid within the stipulated time, as stated above, the KPTCL is at liberty to file a complaint under Section 142 of the Electricity Act, 2003 against the defaulting COMPANY, before the KERC.

- 11) In case of any dispute between the parties hereto, the same shall be referred to the KERC for adjudication, by any of the parties and the decision of KERC thereon shall be binding on the both the parties.
- 12) If for any reason, the COMPANY is forced to close down the Generating Plant, once for all, it shall inform, in writing, to the KPTCL about such closure of the Generating Plant and the KPTCL shall not be entitled to recover the O&M charges from the date of such closure on being satisfied about the closure of the Generating plant.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED BY THEIR REPRESENTATIVE / DULY AUTHORISED OFFICERS AS OF THE DATE SET FORTH ABOVE.

FOR AND ON BEHALF OF KPTCL

(
Executive Engineer,
KPTCL, TL & SS Division
.....

WITNESSES:

- 1.
- 2.

FOR AND ON BEHALF OF COMPANY

(
Authorized Representative,
..... Company.

WITNESSES:

- 1.
- 2.

SCHEDULE

LINE TERMINAL BAY

1. Name of the Generator to whom the Line Terminal Bay relates :
2. Equipment details of the line terminal bay :
 - a.
 - b.
 - c.
 - d.
 - e.
 - f.
3. Capital cost as approved by the Competent Authority excluding the cost of land, if any. :
4. Successful Date of synchronisation of the Generating Plant with State Transmission Network :

**STANDARD FORMAT OF AGREEMENT
FOR
COLLECTION OF O & M CHARGES FROM
GENERATORS**

**FOR THE MAINTENANCE OF
DEDICATED TRANSMISSION LINE LOCATED AT**
.....

BETWEEN

**KARNATAKA POWER TRANSMISSION CORPORATION LIMITED
REPRESENTED BY EXECUTIVE ENGINEER (Ele),TL & SS
DIVISION**

AND

..... **(GENERATING COMPANY)**

DATED : _____

AGREEMENT

THIS AGREEMENT (hereinafter referred to as" O & M Charges Agreement" is made at _____ (place) on this the ____day ____ month ____ Two Thousand

BETWEEN:

Karnataka Power Transmission Corporation Limited, (KPTCL) a Company incorporated under the Companies Act, 1956, having its Registered Office at Kaveri Bhavan, K.G. Road, Bengaluru, represented by its Authorized Signatory - Executive Engineer (Ele) TL & SS Division.

(Hereinafter referred to as "KPTCL", which expression shall unless repugnant to the context or meaning thereof include its successors, and permitted assigns) as party of the one part;

AND

(1), a Generating Company, as defined under Section 2(28) of the Electricity Act, 2003, incorporated under the Companies Act, 1956 / Companies Act 2013, having its registered office at

(Hereinafter referred to as "COMPANY", which expression shall unless repugnant to the context or meaning thereof include its successors, and permitted assigns).

WHEREAS KPTCL, a 'State Transmission Utility' in terms of Section 39 and other provisions of the Electricity Act, 2003, is engaged in the business of transmission of electricity in the State of Karnataka;

466

WHEREAS the COMPANY is engaged in the business of Generation of Electricity either for self-consumption and / or for supply under open access as per the provisions of the Electricity Act, 2003;

WHEREAS the dedicated transmission line of the Generating Plant of the COMPANY is connected to the State Transmission Network through the Line Terminal Bay;

WHEREAS the Karnataka Electricity Regulatory Commission (KERC), by its Order dated 14.12.2018, has held that, there is no obligation on the KPTCL to maintain the dedicated transmission line of the generators and it can undertake such maintenance only if there is a consensus between the parties on payment of maintenance charges.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE PREMISES AND MUTUAL AGREEMENTS, COVENANTS AND CONDITIONS SETFORTH HEREIN, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

- 1) The COMPANY shall pay to the KPTCL, the Annual O&M charges at the rate of 1.5% of the Capital Cost of the Dedicated Transmission Line, with an annual escalation of 5.72% on the O&M charges, for the base year, besides the generators meeting the cost of equipment or spares required for replacement of the failed or defective equipment or spares. The descriptions of the Dedicated Transmission Line are stated in 'Schedule' to this agreement.

Explanation:

'Capital Cost of the Dedicated Transmission Line' shall mean, the Capital Cost relating to the Dedicated Transmission Line, excluding the cost of land, if any, as approved by the Competent Authority at the time of establishing the Dedicated Transmission Line.

- 2) The O&M charges shall become payable from the successful date of synchronization of the Generating Plant with the State Transmission Network [..... (date)] or from 17.08.2012, whichever is later.
- 3) The KPTCL shall raise a Bill in advance for the Annual O&M charges, by 15th of April of that Financial Year and shall serve the same on the COMPANY, immediately.
- 4) The COMPANY shall pay the amount demanded, in two equal instalments, viz., the first instalment becoming due within fifteen days from the date of receipt of the Bill, and the second instalment becoming due after six months from the date of receipt of the Bill.

Explanation: If the Generating Plant is commissioned in the middle of a Financial Year, the KPTCL may raise the Bill for the O&M charges upto the end of that Financial Year, within fifteen days from the date of the synchronization of the Generating Plant with the State Transmission Network. The Company shall pay the amount demanded within 15 days from the date of receipt of the bill.

- 5) In case, the COMPANY fails to pay the O&M charges within the due dates, the COMPANY shall pay interest at the rate of 6.25% per annum, on the amounts due, from the date it became due, till its realization.

- 6) In case, the due date falls on a Bank Holiday / General Holiday, the payment shall be made on the next working day.
- 7) The KPTCL would take all necessary care and precaution while handling the Dedicated Transmission Line equipment and spares, for the purpose of maintenance, as per the prudent utility practice. However, any accidental damage caused to the equipment or spares, shall have to be made good by the COMPANY and the KPTCL shall not be responsible for the same.
- 8) The COMPANY is at liberty for taking appropriate Insurance Cover, for any risk, for the Dedicated Transmission Line along with equipment or spare, at its cost.
- 9) The COMPANY shall have the first option for providing the equipment or spares, the Make and Model of which is duly approved by the KPTCL, for replacing the defective equipment or spares. In case, the COMPANY does not opt for it, in writing, then the KPTCL shall take necessary action for replacement of the defective equipment or spares and recover the cost of the same from the COMPANY, by raising the necessary bill. The COMPANY shall make payment of the amount raised in the bill, within fifteen days from the date of receipt of the said bill.
- 10) In case, any arrears of O&M charges towards the Dedicated Transmission Line are not paid within the stipulated time, as stated above, the KPTCL is at liberty to file a complaint under Section 142 of the Electricity Act, 2003 against the defaulting COMPANY, before the KERC.
- 11) In case of any dispute between the parties hereto, the same shall be referred to the KERC for adjudication, by any of the parties and the decision of KERC thereon shall be binding on the both the parties.

12) If for any reason, the COMPANY is forced to close down the Generating Plant, once for all, it shall inform, in writing, to the KPTCL about such closure of the Generating Plant and the KPTCL shall not be entitled to recover the O&M charges from the date of such closure on being satisfied about the closure of the Generating plant.

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FOR AND ON BEHALF OF KPTCL

(
Executive Engineer,
KPTCL, TL & SS Division
.....

WITNESSES:

- 1.
- 2.

FOR AND ON BEHALF OF COMPANY

(
Authorized Representative,
..... Company.

WITNESSES:

- 1.
- 2.

SCHEDULE

DEDICATED TRANSMISSION LINE

1. Name of the Generator to whom the dedicated :
Transmission line relates
2. Equipment details of the dedicated Transmission line :
 - a.
 - b.
 - c.
 - d.
 - e.
 - f.
3. Capital cost as approved by the Competent :
Authority excluding the cost of land, if any.
4. Successful Date of synchronisation of the :
Generating Plant with State Transmission Network