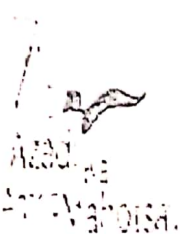
	Gujarat Urja Vikas Nigam Limited		
	Sardar Patel Vidyut Bhavan, Race Course, Vadodara: 390 007		
CIN: U40109GJ2004SGC045195		An ISO 9001:2015 Certified Company Phone: 0265-2334751, Fax No. 0265-2344543	
No : GUVNL: COMM: 562		Date : 15.05.2023	

WITHOUT PREJUDICE

To

The Managing Director

Adani Power Mundra Ltd.

1st Floor, South Wing, Adani Corporate House

Shantigram, S.G. Highway

Ahmedabad – 390 007

Fax: 079 2557177

Sub: Interim mechanism of payment under SPPA(s) pending approval of Base Rate – Reg.

Dear Sir,

This is in reference to two Power Purchase Agreements dated 06.02.2007 (Bid 1) and dated 02.02.2007 (Bid 2) signed by Gujarat Urja Vikas Nigam Ltd. with M/s Adani Power Ltd. pursuant to tariff based competitive bidding process undertaken by GUVNL. Pursuant to Govt. of Gujarat GR 25.2.2022, SPPAs dated 30.03.2022 and CERC order dated 13.06.2022, the matter with regard to finalization and approval of Base Rate as on Oct-2018 is under consideration of Govt. of Gujarat.

In view of representation of APMuL for having ad hoc mechanism for fuel cost pass through pending implementation of SPPAs dated 30.03.2022, Board of GUVNL in Mar-22 had decided to allow fuel cost payment per Govt. of Gujarat Guidelines dated 12-06-2020 without considering HBA ceiling price of 90 USD/MT. However, upon discontinuation of power supply by APMuL, subsequently reference to market index while working out the FOB cost of coal was excluded.

In the implementation stage of above interim mechanism, it is observed that the rate at which coal is being purchased by APMuL is significantly higher than the actual market value at which coal is being traded in Indonesia. GUVNL has been

repeatedly seeking documents / invoices / reports with regard to the reference being taken by APMuL in procurement of coal through spot market inquiry which reflects coal procurement in transparent and competitive manner. However, APMuL has been continuously procuring coal at premium price from few selected spot suppliers which is not reflecting the actual market value of Indonesian coal from time to time and not submitting the supporting documents.

Recently, Ministry of Power vide letter dated 20.02.2023 & 25.04.2023 has directed that the generators shall procure imported coal on landed cost basis at most competitive rates in the interest of consumers and highlighted that the generating companies have been importing coal from Indonesia on Argus index which is much less than the HBA index and further emphasizing that price of coal imported from Indonesia is shown in the Argus Index and therefore Argus index should be used for Indonesian coal.

It is to mention that the Energy Charge paid/admissible by GUVNL for the period from 15.10.2018 to 31.03.2023 is around Rs. 13802 Crores and amount payable considering the CERC Base Rate order 13.06.2022 works out to around Rs. 12364 Crores while payable amount considering the Argus Index as Base Rate works out to around Rs. 9902 Crores. GUVNL's submission and request under the petition was to consider only prudent cost of coal as per market indices which reflect the rate at which coal is traded in Indonesia. GUVNL's representation before various forums has been to consider prudent cost of coal considering market indices such as Argus Index price as reference market price of Indonesian coal.

The matter with regard to interim mechanism for ad-hoc payment was examined by the Board of GUVNL and the need was felt to review the methodology of interim mechanism in view of excess payment made to APMuL.

Taking into consideration the above and in view of the fact that excess payment has been received by APMuL from GUVNL for energy invoices for period of Oct-2018 onwards, pending the final approval of Base Rate by Govt. of Gujarat, APMuL is hereby requested to immediately refund the excess amount received towards energy charges for invoices from Oct-2018 onwards to GUVNL in order to avoid undue cost burden due to excess payment on consumers of the State.

It is to mention that amount payable under SPPA(s) shall be tried-up with necessary adjustment as per the approval of Base Rate by Govt. of Gujarat and

the request of GUVNL for refund shall in no case be construed as any concurrence / consent for accepting the Base Rate recommended by CERC.

This is without prejudice to GUVNL's rights and contentions under the PPA/SPPA and law.

Thanking you.

Yours faithfully,



(J. J. Gandhi)

General Manager (Comm.)

Cfws:

Principal Secretary
Energy & Petrochemicals Department
Block No. 5, 5th Floor,
Sachivalaya, Gandhinagar

Email: secapd@gujarat.gov.in

Managing Director
Gujarat Urja Vikas Nigam Ltd.
Vadodara

Director (Finance)
Gujarat Urja Vikas Nigam Ltd.
Vadodara