

**Draft**

**FRANCHISEE AGREEMENT BETWEEN  
RELIANCE INFRASTRUCTURE LIMITED**

**AND**

*(Name of the Proposed Franchisee)*

## Draft Distribution Franchisee Agreement

This Agreement is executed at Mumbai, this \_\_\_\_\_ day of \_\_\_\_\_ the year \_\_\_\_ (“Effective Date”) by and between -

Reliance Infrastructure Limited, hereinafter referred to as “RInfra”, (which expression shall unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assigns), a company incorporated and existing under the Companies Act, 1913, having its registered office at ‘H’ Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, hereinafter called the "Distribution Licensee" or “RInfra-D”, which expression shall, unless repugnant to the context or meaning thereof, include its successors and assignees as party of the first part,

AND

\_\_\_\_\_, (which expression shall unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assigns) a Company/Society registered under the Appropriate Act, having its registered office at \_\_\_\_\_, hereinafter referred to as the "Franchisee", as defined in Electricity Act, 2003, which expression shall, unless repugnant to the context or meaning thereunder, be deemed to include its successors and assignees as party of the second part

Each individually referred to as “Party” and collectively referred to as “Parties”.

WHEREAS under and by the virtue of a License granted under the Electricity Act, 2003, by the Maharashtra Electricity Regulatory Commission (‘MERC’), Reliance Infrastructure Limited ( hereinafter referred to as “ RInfra-D” ), is licensed to supply electricity to the public for all purpose in its area of supply.

WHEREAS the Franchisee, on behalf of the consumers ( occupiers of the premise), hereinafter referred to as “Downstream Consumers”, has submitted a proposal to RInfra-D to aggregate energy at Single Point for supply to Downstream Consumers in their respective premises as specified in Schedule 1 and to provide services in Franchisee Area;

AND WHEREAS, RInfra-D agrees to the above proposal of the Franchisee;

AND WHEREAS, Franchisee accepts all liabilities and perform all obligations as stated and agreed hereunder of RInfra-D, in compliance with all the applicable Laws, Regulations and Directives of MERC and the RInfra-D as issued from time to time.

WHEREAS for the purpose of this Agreement, the Franchisee has provided RInfra-D with a list of all the separately identified Downstream Consumers / identified the premise (which is yet to occupy) to whom under this Agreement the Franchisee shall serve to each Downstream Consumers of RInfra-D listed hereunder for their purposes and cater to the loads as approved by RInfra-D under tariff classification (in accordance with the prevalent MERC Tariff Order). The list is part of this agreement as Annexure 1.

And RInfra has agreed to distribute such energy to the Franchisee for the supply to Downstream Consumers for the period and upon the terms and subject to the conditions and stipulations hereinafter contained. **NOW IT IS HEREBY AGREED AND DECLARED AS follows:-**

### **1 Definitions**

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In this Agreement, the following words and expressions shall, unless repugnant to the context or meaning thereof, have the meaning hereinafter respectively assigned to them:

- (a) “**Act**” means the Electricity Act, 2003 (36 of 2003) as modified, substituted or amended from time to time;
- (b) “**Authorized Representative**” means all officers, staff or representatives of Rlnfra-D or the Franchisee discharging functions under the general or specific authority granted, by the respective parties;
- (c) “**Applicable Laws**” means all laws, rules and regulations promulgated or brought into force and effect by Government of India or State Government or MERC including regulations and rules made there under;
- (d) “**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 this 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;
- (e) “**Distribute**” means conveyance of electricity on the distribution system of the Licensee and the word “Distribution” shall be construed accordingly;
- (f) “**Distribution Network**” means the system of wires, electrical plant and associated facilities;
- (g) “**Distribution Licensee**” means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
- (h) “**Downstream Consumers**” means the prospective/existing consumers ( occupiers of the premise: present & future) on whose behalf Franchisee has submitted the proposal to the Distribution Licensee for supply of electricity for the consumption purpose in their respective premises as specified in Schedule “2”;
- (i) “**Effective Date**” means the date on which this Agreement is executed;
- (j) “**electrical plant**” means any plant, equipment, apparatus or appliance or any part thereof used for, or connected with, the generation, transmission, distribution or supply of electricity but does not include-
  - (a) an electric line; or
  - (b) a meter used for ascertaining the quantity of electricity supplied to any premises; or
  - (c) an electrical equipment, apparatus or appliance under the control of a consumer;
- (k) “**Electricity Supply Code**” means the regulations specified by MERC under the provisions of Section 50 read with Section 181 of the Electricity Act, 2003;
- (l) “**Force Majeure Event**” means, with respect to any party, any event or circumstances which is or are not within the reasonable control of, or due to an act or omission of that party and which, by the exercise of reasonable care and diligence, that party is not able to prevent, including, without limiting the generality of the foregoing;

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- (i) acts of God, including but not limited to lightning, storm, action of the elements, earthquakes, flood and natural disaster;
  - (ii) unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic dangerous chemical contamination;
  - (iii) any generation, transmission or distribution shutdown or interruption, which is required or directed by the State or Central Government or by MERC or the State Load Despatch Centre; and
  - (iv) any shut down or interruption, which is required to avoid serious and immediate risks of a significant plant or equipment failure;
- (m) “**Franchisee**” means a person authorized by RInfra-D under this agreement to undertake functions as set-out in clause 7 in the area specified in Schedule 2;
- (n) “**MERC**” means the Maharashtra Electricity Regulatory Commission;
- (o) “**Point of Supply**” means the point at the outgoing terminals of the RInfra-D’s cutouts fixed for Downstream Consumer within the Franchisee Premise or Area:
- Provided that, in case of a Downstream Consumer with HT installation, the point of supply means the point at the outgoing terminals of RInfra-D’s metering cubicle:
- Provided further that, in the absence of any metering cubicle or where the metering is on the LT side of the HT installation, the point of supply shall be the incoming terminals of the main switchgear;
- (p) “**Single Point**” means the point in RInfra-D distribution network at which energy supplied and sanctioned load of all Downstream Consumers is aggregated and metered as set out in clause 7;
- (q) “**Right of Way**” means the way leaves, easements, unrestricted access and other rights of way, howsoever described, necessary for installation, operation, maintenance and upkeep of the Distribution Network and RInfra-D’s installations in the Premises or other places wherever necessary;

Words or expressions used herein and not defined shall have the meanings assigned to them under the Act, the Rules or the Regulations.

### **2 Location and Sanctioned Load:**

The Franchisee Area shall be the (... **Name of the Areas agreed upon...**) as specified in Annexure 2. Hereafter also referred as “Franchisee Premise” or “Franchisee Area”.

Total sanction load for the Franchisee shall be sum total of sanction load of Downstream Consumers (as updated from time to time) and presently is .....kilowatt (kW).

### **3 Term of Agreement:**

The minimum period for supply of electrical energy shall be for (... **5 or 10 or 15...**) **years** commencing from the date of supply unless terminated earlier by the RInfra-D as specified in clause 3.1.

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### **3.1 Termination:**

This Agreement shall be deemed to be terminated upon the permanent disconnection of the Franchisee or where the Franchisee remains disconnected for a period of more than six months.

Provided that the termination of Agreement is without prejudice to the rights of RInfra-D or of the Franchisee for recovery of any amounts due under the Agreement. The Franchisee may terminate the Agreement after giving a notice of 30 days only in case of default by the RInfra-D. Whenever an Agreement is terminated by notice by either of the party, the other party shall give the written intimation regarding acceptance / rejection of the said termination. If no intimation is given within 14 days by the party receiving the notice of termination it shall be construed that such termination notice is accepted by the party.

On termination of this Agreement if Downstream Consumers desires to continue to take the supply from RInfra-D; RInfra-D shall/will give supply to all the Downstream Customers as per prevailing rules and regulation applicable. The Downstream Consumers will have to make necessary arrangement including space, way leave, etc. to avail the supply.

### **4 Commencement of Agreement:**

The date of commencement of agreement shall be the date of commencement of supply.

### **5 Legal Status of Franchisee:**

The Franchisee shall be a person appointed by the Distribution Licensee (RInfra-D) to undertake distribution of electricity within the premises mentioned in this agreement, under 7<sup>th</sup> proviso to section 14 of the Electricity Act 2003.

### **6 Fees and Payment Terms:**

RInfra-D shall pay the franchisee a fixed fee of Rs. 100 per meter per annum, in consideration of services rendered inside the Franchisee Premise.

### **7 Obligations of the Franchisee:**

It is hereby expressly agreed and declared by the Franchisee that he shall have responsibility to aggregate energy requirement of Downstream Consumers at Single Point and undertake functions as set-out hereunder:

- (a) Make the space available for installation of equipments of RInfra-D;
- (b) Provide meter reading of individual Downstream Consumer for billing purpose as instructed by RInfra-D time to time.
- (c) Abide by the provisions of the Act and the regulations made thereunder.

### **8 Consent by Franchisee:**

#### **8.1 Supply Subject to Control**

Notwithstanding anything contained in this Agreement, the Franchisee agrees to the directions issued by any competent authority such as Government of Maharashtra, MERC or the State Load Dispatch Center (SLDC) and RInfra-D, if the power position or any emergency arising in the power system warrants such actions under the orders of the State Government, MERC or SLDC.

#### **8.2 Laying of cables and electrical plant**

RInfra-D shall be at liberty to bring into Franchisee Premise/Area not only the cables and electrical plant required for the premises but also lay the cables and install electrical plant for connecting other consumers of RInfra-D and/or to improve the reliability of the supply in the area. Franchisee shall not object or withhold any permission to that effect.

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### **9 Power Supply Arrangement :**

- 9.1 The supply of electrical energy in the Franchisee Area shall be as specified in MERC (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2005 and as amended from time to time.
- 9.2 Since, Franchisee Area may include LT consumers also; to facilitate supply of electricity to them, all the components of the Distribution Network shall be installed and commissioned by RInfra-D and shall have all ownership rights.
- 9.3 In case, any Downstream Consumers within Franchisee Area falls under HT category, RInfra-D shall compute and recover through monthly bill a rental for the transforming equipments proportionate to their demand usage.
- 9.4 Provided that the annual rental for transforming equipment shall be equal to the 15% of the capital cost inclusive of installation, testing and commission incurred by RInfra-D.

### **10 Extension and alterations:**

The Franchisee shall give at least 30 days notice to RInfra-D for reduction/extension of the sanctioned load of each Downstream Consumer which may change aggregate electrical energy requirements in the Franchisee Area.

### **11 Metering and Billing:**

- 11.1 Metering of all the Downstream Consumers shall be on LT.
- 11.2 Metering and Billing shall be the sole responsibility of RInfra-D. The Franchisee shall provide the meter readings of all the Downstream Consumers as per billing cycle of RInfra-D or as instructed by RInfra-D from time to time.
- 11.3 RInfra shall bill individual Downstream Consumers at their Point of Supply.
- 11.4 Since the Franchisee area may include mix of HT & LT consumers (as per Applicant's requirement or as per MERC Standards of Performance Regulations, 2005) fed from common transformer, the demand and energy for billing purpose shall be computed as under.
  - 11.4.1 LT Consumers:  
Demand as recorded in the meter of respective Downstream Consumer.  
Energy as recorded in the meter of respective Downstream Consumer.
  - 11.4.2 HT Consumers:  
Demand (kW or KVA) for billing purpose shall be computed by adding 2% (Two percent) to the demand recorded in meter of respective Downstream Consumer.  
Energy (KWH) for billing shall be computed by adding transformation loss of energy "X" to the energy recorded in the meter of respective Downstream Consumer, where "X" is calculated as under;

$$\chi = \frac{730 \times \text{KVA Rating of Transformer}}{500} + 1\% \text{ (One percent) of energy recorded in the meter}$$

### **12 Bill Collection, Disconnection and Reconnection:**

All the Downstream Consumers shall pay the electricity bills directly to RInfra-D.

RInfra-D shall reconnect the supply of Downstream Consumer after receipt of due payment and reconnection fee as per MERC Regulations.

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In the event of disconnection of Downstream Consumer, the name of such Downstream Consumer shall stand automatically cancelled from Schedule 1, and Franchisee's sanction load stands reduced to that extent, vice versa in the event of reconnection.

### **13 RInfra-D's remedies:**

If the Franchisee shall at any time during the continuance of the Agreement –

- a. Be wound up by order of the Court or shall pass any resolution for winding up save for the purpose of reconstruction or amalgamation;
- b. Execute or create any mortgage charge or other encumbrance in any way capable of affecting the Distribution Licensee's ownership of the electric meters, plant, apparatus and equipment in the Premises or any part thereof;
- c. Commit any breach of or fail to observe and perform any of the agreements and conditions contained in the Agreement and on the part of the Franchisee to be observed and performed;

Then, it shall be lawful for RInfra-D, without prejudice to its right against the Franchisee at law to claim damages for breach of Agreement, or any other rights and remedies of RInfra-D under the Act or otherwise, to discontinue the supply of electrical energy and to terminate this Agreement and the Franchisee hereby authorizes RInfra-D, its servants and agents to enter upon the premises and to seize and take away all meters, plant apparatus, equipment and other property of the RInfra-D in or upon the same.

Notwithstanding above option to supply directly to Downstream Consumers shall be available with the RInfra-D and can be exercised on such events as per prevailing rules and regulations.

### **14 Events of Default and Termination :**

### **15 Termination for the Franchisee's Event of Default:**

#### **15.1 Franchisee's Event of Default:**

The following events shall constitute an event of default by the Franchisee (a "Franchisee Event of Default") unless such Franchisee Event of Default has occurred as a result of Distribution Licensee's Event of Default or a Force Majeure Event;

- (i) The Franchisee commits any Material Breach of the terms and conditions of this Agreement or the Electricity Laws;
- (ii) Any representation or warranty made by the Franchisee is found to be false and misleading;
- (iii) Franchisee has unlawfully repudiated the Distribution Agreement or has otherwise expressed an intention not to be bound by this agreement.
- (iv) The Franchisee is adjudged bankrupt or insolvent; or if a trustee or receiver is appointed for the Franchisee or for any of its property that in the opinion of Distribution Licensee has a Material Adverse Effect on the financial technical capability of the Franchisee to perform its obligations under this Agreement;
- (v) Any petition for winding up of the Franchisee is admitted by a court of competent jurisdiction or the Franchisee is ordered to be wound up by court,

**15.2** On the occurrence of a "Franchisee's Event of Default" under any of the provisions of 17.1 hereof, RInfra-D shall be entitled to immediately suspend this Agreement by issuing a "Suspension Notice" to the Franchisee and carry on the Distribution in the Specified Area by itself. In the event that Franchisee's Event of Default continues to exist beyond a period of 15

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days from the date of issuance of the "Suspension Notice", RInfra-D shall be entitled to terminate this Agreement by issuing a Termination Notice to the Franchisee and this Agreement shall stand terminated from the 30th day of issue of the Termination Notice to the Franchisee.

On termination of this Agreement if Downstream Consumers desires to continue to take the supply from RInfra-D; RInfra-D shall/will give supply to all the Downstream Customers as per prevailing rules and regulation applicable. The Downstream Consumers will have to make necessary arrangement including space, way leave, etc. to avail the supply.

### **16 Procedure for Termination of the Agreement:**

**16.1.** A preliminary notice of termination may be served by RInfra-D to the Franchisee, elaborating the event of default by Franchisee or prolonged event of Force Majeure leading to the termination of this Agreement.

**16.2.** A preliminary notice of termination may be served by Franchisee to the RInfra-D, elaborating the event of default by RInfra-D leading to the termination of this Agreement.

**16.3.** Upon receipt of preliminary termination notice the Franchisee shall be deemed to be suspended for 30 days. In case of event of default, defaulting Party shall mitigate the consequence of such default within the suspension period. If the default is not cured within the suspension period, the Agreement may be terminated after serving the final termination notice to the defaulting Party.

**16.4.** Both the parties shall continue to perform their respective obligations until the serving of final termination notice.

### **17 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 body (de jure or de facto) or regulatory body or public enemy, war, riots, embargoes, or strikes or other concerned acts of workmen whether of parties or others, casualties or accidents, shortage of power, labour or materials 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.

### **18 Miscellaneous:**

#### **18.1 Governing Law and Jurisdiction:**

This Agreement shall be construed and interpreted in accordance with and governed by the laws of India and the Courts at Mumbai, Maharashtra, India shall have jurisdiction over all matters arising out of or relating to this Agreement.

#### **18.2 Waiver:**

**18.2.1** Waiver by either Party of any default by other Party in the observance and performance of any provision of or obligations of or under this Agreement: -

- (i) shall not operate or be construed as a waiver of any other or subsequent default hereof or of other provisions of or obligations under this Agreement;
- (ii) shall not be effective unless it is in writing and executed by a duly Authorized Representative of the Party; and
- (iii) shall not affect the validity or enforceability of this Agreement in any manner.





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For and on behalf of  
FRANCHISEE by:

\_\_\_\_\_ (Signature)

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Designation)

In the presence of:

1.

2.



**AREAS UNDER FRANCHISEE**

S.No.	Areas