



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**4<sup>th</sup> & 5<sup>th</sup> Floors, Singareni Bhavan, Red Hills, Hyderabad 500 004**

O.P. No.10 of 2007  
&  
I.A. No.19 of 2007

Dated: 13.03.2013

Present  
Sri A.Raghotham Rao, Chairman  
Sri C.R.Sekhar Reddy, Member  
Sri R.Ashoka Chari, Member

***Between***

1. Central Power Distribution Company of Andhra Pradesh Ltd (APCPDCL)
2. Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL)
3. Eastern Power Distribution Company of Andhra Pradesh Ltd (APEPDCL)
4. Northern Power Distribution Company of Andhra Pradesh Ltd (APNPDCL)
5. Andhra Pradesh Power Coordination Committee (APPCC)

.... Petitioners

AND

M/s GVK Industries Ltd.,  
'Paigah House', 156-159, Sardar Patel Road,  
Secunderabad – 500 003.

..... Respondent

This petition has come up for hearing on 04.08.2012 in the presence of Sri P.Shiva Rao, Advocate for the petitioners and Sri M.G.Ramachandran, Advocate for the respondent and having stood over for consideration to this day, the Commission delivered the following

**ORDER**

The petition filed by the above said petitioners u/s 63 & 86 (1) (f) of the Electricity Act, 2003.

2. The grounds mentioned in the present petition in brief are as hereunder:
  - a) The respondent M/s GVK Industries Ltd., has established a combined Cycle – Gas based power station with gross capacity of 216 MW at site

reference conditions at Jegurupadu in Andhra Pradesh. The respondent is an independent power producer hereinafter referred to as “IPP” and is engaged in the business of generation of power. The respondent has entered into an amended and restated power purchase agreement (hereinafter referred to as “PPA”) on 19.04.1996 with the erstwhile Andhra Pradesh State Electricity Board constituted under the Indian Electricity (Supply) Act, 1948.

- b) The relevant clauses in the PPA for the present issue, reads as follows:

**Article 3 – Article 3.2.1 a) (vii):**

“Insurance premia for such tariff year at actuals (including with respect to insurance required by the parties providing financing to the Project), at such rates, coverage and conditions as determined by the Company and on commercially reasonable terms, subject to the requirements of the lenders but not exceeding one percent (1%) of the Capital Cost. The amount of insurance premia included as an element of the Fixed charge shall be based on the amounts payable by the Company pursuant to the most recent invoices received prior to the Fixed Charge Computation Date for the relevant Tariff Year”.

**Tariff:**

The tariff rates will be determined on the basis of the two part tariff and shall for each Tariff year period. The tariff shall be the sum of the Fixed Charge, the Variable Charge Payment, the incentive or disincentive payments (if any) and taxes on income, each as set forth in this Article 3 as further defined pursuant to the terms of this agreement.

**Insurance premia for such Tariff year:**

at actuals based on the most recent invoices prior to Fixed Charge computation Date (including with respect to insurance required by the parties providing finance to the Project), at such rates, coverage and conditions as determined by the Company and on commercially reasonable terms, subject to the requirements of the lenders and subject to the condition that the total provision on any such insurance in any tariff year shall not exceed one percent (1%) of the Capital Cost. The amount of insurance premia included as an element of the fixed charge based on the amounts payable by the Company pursuant to the most recent invoices received prior to the Fixed Charge Computation Date for the relevant Tariff Year.

- c) As per the provisions of the PPA in Schedule–B, the clause 3 provides the required coverage wherein it has been mentioned that the company shall at its own expense, acquire, maintain or caused to be maintained from the date of financial closing and through out the term of this

Agreement as applicable, the following minimum coverages so long as such coverages are available to the company on reasonable commercial terms. The clauses 3 (a) to (d) deals with regard to the insurance coverage should be for (a) workers' compensation and employers' liability (b) General liability insurance (c) builders all risks insurance and (d) all risks property comprehensive boiler and machinery insurance. This coverage will include either comprehensive general liability or commercial general liability insurance coverage for all operations by or on behalf of the company. Such coverage shall provide insurance for bodily injury and property damage liability for the limits of liability of not less than \$ 10 million and shall include coverage for

- (i) death and bodily injury
- (ii) property damage
- (iii) product liability
- (iv) contractual liabilities (assumed by the company) arising from
  - A) The business of the company, or
  - B) The premises and operations within India.

- d) The respondent has obtained policies from United India Insurance Company Ltd., for 2005-06 in two parts i.e., Section – I Industrial All Risks Insurance Policy and Section – II Business Interruption Policy and Premia is reimbursed to it.
- e) In 1998 AP Electricity Reform Act was enacted and when APTRANSCO was constituted under the provisions of the said Act, it took over this contract and received supplies of electricity from the respondent. After the enactment of the Electricity Act, 2003 as per the provisions of the said Act, APTRANSCO is forbidden from trading in Electricity and the Government issued G.O.Ms. No. 35 dated 31.03.2000 (Annexure – III) setting up four distribution companies viz.,
  - 1. The Andhra Pradesh Central Power Distribution Company Ltd.,
  - 2. The Andhra Pradesh Southern Power Distribution Company Ltd.,
  - 3. The Andhra Pradesh Eastern Power Distribution Company Ltd.,
  - 4. The Andhra Pradesh Northern Power Distribution Company Ltd.,
 From 10.06.2005, APTRANSCO was forbidden from trading in electricity. Government also issued G.O.Ms. No. 58 dated 07.06.2005

(Annexure – IV) providing for allotment of power generated by the respondent to the petitioners 2 to 5. Accordingly, the following allotments were made in respect of four distribution companies.

APEPDCL	:	16.89%
APSPDCL	:	22.83%
APCPDCL	:	43.42%
APNPDCL	:	16.86%

The above said ratios were subsequently amended vide G.O. Ms. No.101 dated 03.11.2005.

- f) As per the 3<sup>rd</sup> transfer scheme, the DISCOMs were required to enter into their own agreements as they are not bound by the earlier agreement. Pending such arrangement, the DISCOMs are receiving the supplies made by the respondent and making payment from time to time.
- g) While so, the Government vide G.O. Ms. No.59 dated 07.06.2005 constituted a committee namely AP Power Coordination Committee for effective coordination as well as building capacity in DISCOMs to handle the new functions. The said committee is reimbursing the insurance premium on behalf of the petitioners 1 to 4.
- h) A similar power purchase agreement has been entered by the erstwhile AP State Electricity Board with another independent power producer namely Spectrum Power Generation Ltd. Similar provisions with regard to the payment of insurance premia are also there in the power purchase agreement.
- i) While so, the Accountant General, during the audit in 2006, informed the APPCC that the policy under Section – II Business Interruption Policy made by the Spectrum Power Generation Ltd., need not be reimbursed by APPCC / APTRANSCO as PPA provision does not envisage payment of insurance towards business interruption policy / loss of profit of the company.
- j) The terms and conditions in the PPA between the petitioners and the respondent are identical, the petitioners herein have called the respondent to handover the copies of insurance policies from the initial

tariff year onwards. The respondent handed over copy of the insurance policy for the year 2005-06 taken by the respondent. After the insurance policy have been handed over the same have been sent for obtaining an expertise opinion from M/s. Excellent Insurance Broking Services Ltd., (EIBS), Hyderabad on this subject wherein they have opined that the machinery loss of profit (MLOP) which cost more than 50% of total premium, is not reimbursable even if most liberal meaning / interpretation is assigned to the insurance clause of PPA.

- k) They further stated that though the fire loss of profits (FLOP) cover is not reimbursable, if a strict view of insurance clause is taken, the same could be considered for reimbursement because FLOP is compulsorily covered under IAR policy. M/s. Excellent Insurance Broking Service Ltd., have further informed that Industrial All Risks Policy (IAR) provide for refund upto 1/3<sup>rd</sup> of FLOP and MLOP premium in the event of actual gross profit becoming less than the Estimated Gross Profit declared under the policy and that if the respondent company has received refunds they should be remitted to the petitioners.
- l) They further stated that the PPA provides for payment of minimum return on equity and hence the beneficiary of FLOP and MLOP covers should be the petitioners and if any claim settled by the insurance company under these two covers that should belong to the petitioners who has already given a minimum on Return on Equity.
- m) After the opinion has been obtained, the APPCC has issued a letter vide Lr. No. CE (Comml) DE (BPP-I) / F.GVK / D.No. 270 / 06 dated 07.12.2006.  

“in the light of the opinion of the insurance experts, it is proposed to pay insurance premia as per Section – I of the IAR policy as has been decided in respect of PPA entered with M/s. Spectrum. A similar issue is pending before the Regulatory Commission in respect of M/s. Spectrum. If you have any objection to the proposal, we shall refer this dispute also to the Regulatory Commission, so that the issue can be finally decided. Kindly let us know your view early. A copy of the opinion obtained by us is sent herewith for your study”
- n) To the letter so issued on 07.12.2006, the respondent herein has given a reply on 07.04.2007 contending that they are not agreeing with the

opinion dated 27.11.2006 of the insurance expert on the ground that he has totally misconstrued and misinterpreted the provisions of the PPA and that the said opinion is not binding on them.

- o) They have also obtained an opinion from M/s. Bhatawadkar and Company and further stated that the payment of the insurance premium by the respondent is in accordance with the provisions of the PPA and there is no scope for any dispute or any opinion between the parties and requested to close the matter. On receipt of the said reply along with the expert opinion, the matter has been again referred to the opinion of M/s. Excellent Insurance Broking Services Ltd., and M/s. Excellent Insurance Broking Services Ltd., has given an opinion that the APTRANSCO is not obligated to reimburse premiums to GVK Industries Ltd., under Business Interruption Section of IAR Policy.
- p) Hence it is prayed that the Commission may be pleased to adjudicate upon the dispute regarding excess payment of premium due to ineligible insurance premium and paid to respondent from initial tariff year i.e., 1997-98 onwards and to decide the correct amount of insurance charges payable to the respondent i.e., M/s. GVK Industries Ltd.

3. The petitioner company therefore prays that this Commission may be pleased to:

- a) Declare the insurance premia under Section II obtained by company is not eligible for reimbursement.
- b) Direct respondent to limit their claim of fixed charges duly limiting it to Section I of Insurance Premia under IAR Policy.
- c) Direct the respondent to reimburse the excess paid insurance premia from Initial tariff year 1997-98 onwards.
- d) Award costs of petition
- e) Pass any other relief which the parties are entitled in the circumstances of the case.

4. The respondent in this OP has filed Interlocutory Application (petitioner in IA) u/s 86 of the Electricity Act, 2003 read with Regulations 8, 9 & 14 of APERC (Regulations 1999). The case of the petitioner (respondent in main OP) in IA is briefly as follows:

**“The petitioner filed W.P. No.7484/2004 before the Hon’ble High court. The Hon’ble High Court stayed all further proceedings. The petitioner requested the Commission to adjourn the main petition till the disposal of the above said writ petition.”**

5. The respondent filed its counter. The material averments of the Counter are briefly as follows:

- a) The present petition is not maintainable in Law as it goes against the concluded contract dt. 19.04.1996 in between the parties (PPA).
- b) The petitioners misconstrued and misinterpreted the tenor of the Electricity Policy and the G.O. Ms. Nos. 35 dt. 31.03.2000; 58 dt. 07.06.2005 and 59 dt. 07.06.2005 and the petition is liable to be dismissed in limini.
- c) The petitioners are trying to introduce a new interpretation which is not the intention of the parties to the contract under the PPA.
- d) The petitioners cannot unilaterally alter the concluded contract under PPA, and the petition on this score alone is liable to be dismissed.
- e) The Audit objection cannot be a ground for the petitioners to unilaterally withdraw from the clause which is mutually concluded and honoured since the inception.
- f) The petition is devoid of merits and Law as there is no dispute to invoke Section 62 and 86 (1) (f) of the Electricity Act, 2003 and the petition deserves to be dismissed on this count alone.
- g) The contentions and the advise of M/s. EIBS furnished vide their letter reference No. VS.AOTRANSCO:PPA:GVK:2006 dated 27.11.2006, are not only wrong in interpretation of the PPA conditions but also arising out of inadequate appreciation of insurance claims in power plant and operations of power plant and prevalent conditions.

- h) As per the factual position of the tariff conditions 3.1 and 3.2.1 the interpretation given by M/s EIBS in its opinion VS:APTRANSCO:PPA:GVK:2006, Dt. 27.11.2006 is absolutely wrong and misconceived.
- i) As can be seen from above, there are two requirements under the PPA, which the respondent company should consider for obtaining insurance coverage, viz., the coverage of insurances shall include the coverage as required by the parties providing financing to the project. The rates, coverages and conditions shall be as determined by the Company and on commercially reasonable terms subject to the requirement of the lenders. As per the loan documents entered by the company with the lenders, the company is required to take insurance policy covering the business interruption and loss of profits. Thus under the above provisions of the PPA, the Company is entitled to take necessary insurance coverage(s) to meet the requirements of the lenders, based on the above criteria and the premium paid on such coverages shall be eligible for reimbursement subject to a condition that the total insurance premium shall not exceed 1% of the capital cost. It is to state that the respondent company has been taking insurance coverage and claiming the reimbursement of insurance premia paid not exceeding 1% of the capital cost and the 5<sup>th</sup> respondent has been paying the same in accordance with the terms of the PPA.
- j) The petitioners cannot deviate and escape from the liability unilaterally which is envisaged under the concluded contract of the PPA. It is pertinent to mention that all the terms and definitions under the PPA are mutually consented and agreed upon by the erstwhile APSEB and the respondent. It is to state that the petitioners 1 to 4 stepped into the shoes of the APTRANSCO which is the successor of the APSEB and admittedly all the rights and obligations agreed under PPA are kept intact. Therefore the contention that the DISCOMs were required to enter into their own agreements as they are not bound by the earlier agreement is baseless and frivolous. Therefore, the petitioners cannot disown their liability under the concluded contract.



- k) The expert opinion of M/s. Excellent Insurance Broking Services Ltd., the interpretation given by them in its letter bearing No. VS:APTRANSCO:PPA:GVK:2006, Dt.27.11.2006 are baseless, frivolous and contrary to the definitions of PPA against which clarification is given by the experts opinion of M/s. Bhatawadekar & Company under Ref No. Y-2007/03/VAB/Opinion-271, Dt. 06.04.2007, wherein it is categorically explained about the tenor of the PPA and gave the opinion with regard to the entitlement of the respondent company for the reimbursement of insurance premia. Against which the insurance expert M/s. EIBS gave the reply by way of remarks Dt. 16.04.2007 where under they have contented that M/s. Bhatawadekar & Company is not competent to give clarification through its letter dt. 25.09.2008 stating that he is licensed to act as LOP Surveyor and is having the IRDA confirmation.
- l) Therefore there is no dispute at all with regard to the respondents insurance claims and the respondent is very much eligible for the reimbursement of the same.
- m) The petitioners cannot interpret the definition of insurance in a different way which is not permissible under PPA.
- n) Therefore, it is prayed that the petition be dismissed with costs.

6. The learned advocate for the petitioner addressed his arguments and submitted his written arguments in support of his contentions projecting the following grounds:

- (i) clause 3 (a) to (d) of PPA of Schedule B enumerates the components for which the company has to obtain insurance coverage i.e., (a) Workers' Compensation and Employers' Liability (b) General liability insurance (c) Builders All Risks Insurance and (d) All Risks Property Comprehensive Boiler and Machinery Insurance. This coverage will include either Comprehensive General Liability or Commercial General Liability Insurance coverage for all operations by or on behalf of the company. Such coverage shall provide insurance for bodily injury and

property damage liability for the limits of liability of not less than \$ 10 million and shall include coverage for

- (i) Death and bodily injury
  - (ii) Property damage
  - (iii) Product liability
  - (iv) Contractual liabilities (assumed by the company) arising from
    - (A) The business of the company, or
    - (B) The premises and operations within India.
- (ii) The tariff shall be the sum of the Fixed Charge, the Variable Charge payment, the incentive or disincentive payments (if any) and taxes on income each as set forth in Article 3. In pursuance of the terms of the agreement, the Fixed Charge have to be calculated as per Article 3.2.1 of the PPA (a) interest on debt (b) Return on Equity (c) Interest on Working Capital (d) Depreciation (e) Operation and Maintenance Cost (f) Foreign Exchange variation on Foreign Debt repayment and (g) Insurance premia for such tariff year at actuals based on the most recent invoices prior to Fixed charge computation date at such rates, coverage and conditions as determined by the company and on commercially reasonable terms subject to the requirements of the lenders.
- (iii) The respondents obtained insurance policies from M/s. United India Insurance company in two parts i.e., Section-I, Industrial All Risks Insurance Policy, and Section-II Business Interruption Policy and premia is reimbursed to it.
- (iv) Since lenders insisted, it had obtained the policy of Section - II is not tenable, considering the terms of the PPA, particularly the Schedule - B of PPA, where under no such loss of profit due to machinery loss etc. No policy is required either for loss of business profits or any loss of profit due to damage of machinery since it is not contemplated in the Schedule-B of PPA.
- (v) The mimansa principles of interpretation as pointed out in Gujarat Urja Case by the Hon'ble Supreme Court governs such issue where two clauses of same documents or statute deals with same subject. As such since Section-II of IAR policy does not fall within the details

provided in clause 3 of Schedule-B of PPA and the DISCOMs are not liable to reimburse same.

- (vi) When it is referred to M/s. Excellent Broking Agency Section-I also covers property damage and machinery damage but not profits on Property Damage or Machinery Damage.

Therefore, they are not liable to reimburse any of the losses i.e., profits of business, loss of profits due to machinery damage, etc.

7. The learned advocate for the respondent addressed his arguments and also submitted his written arguments in support of his contentions projecting the following grounds:

- (i) The respondent accepts the admissibility of the insurance premium as a pass through in the tariff need to be determined only with reference to the terms of the PPA.
- (ii) The insurance premium taken by the company is for Industrial All Risk covering MLOP and it has also paid the premium for such insurance from year to year.
- (iii) The premium paid for insurance is to be treated as a part of the tariff as per Article 3.2.1 (vii) of PPA.
- (iv) If the insurance premium is covered by Article 3.2.1(vii) the same need to be allowed irrespective of the emotional arguments that the petitioner is getting other components in addition to insurance premium.
- (v) Schedule - B of the PPA deals with the insurance.
- (vi) As per Section - 3 of Schedule - B, the company has an obligation to take insurance. It does not restrict the company to take additional or further insurance which are prudent in the ordinary course of business under Schedule - B.
- (vii) Article 3.2.1(vii) is such insurance which is taken by the company in the ordinary course of business as per the business exigencies.

- (viii) Article 3.2.1(vii) and Schedule - B cannot be read as one clause covering types of insurances for allowing in the tariff. Both clauses operate for different purposes.
- (ix) The very fact that Article 3.2.1(vii) refers to insurance as may be required for lenders. The insurance covered by Article 3.2.1(vii) is in addition to insurance covered under Schedule - B.
- (x) A reading of the two clauses clearly show that Article 3.2.1(vii) is not controlled by Schedule B.
- (xi) The lenders giving debt which constitute 70% of the project cost insist on such insurance being taken to protect their revenue stream arising out of the project which may be lost on account of machinery not working.
- (xii) Basing on the report or observations of CAG made in the case of Spectrum power and on the alleged basis that the same position should be applied to the company the petitioners filed this petition.
- (xiii) The action of the petitioners is an abuse of the process of the Court.
- (xiv) The fact that MLOP has been covered by the Industrial All Risk Policy clearly establish that the contention of the petitioners is wrong.

Hence, the claim made by the petitioners is liable to be rejected with costs.

8. Now, the point for consideration is, "Whether the petitioner is entitled to restrict the insurance claim for section – I of the policy by denying reimbursement of insurance premia paid under section II (Business Interruption Policy) as prayed for"?

9. The contention of the petitioners is that, the insurance claiming for and premium paid for section II (Business Interruption Policy) need not be reimbursed as the same is not required to be taken as per Schedule 'B' of the PPA.

10. Whereas, the respondents stated that, there are two requirements under the PPA, which the respondent company should consider for obtaining insurance coverage, viz., (i). The coverage of insurances shall include the coverage as required by the parties providing financing to the project (ii). The rates, coverages and conditions shall be as determined by the Company and on commercially

reasonable terms subject the requirement of the lenders. Further they stated that, as per the loan documents entered by the company with the lenders, the company is required to take insurance policy covering the business interruption and loss of profits. Thus, under the above provisions of the PPA, the Company is entitled to take necessary insurance coverage to meet the requirements of the lenders, based on the above criteria and the premium paid on such coverages shall be eligible for reimbursement subject to a condition that the total insurance premium shall not exceed 1% of the capital cost. It is to state that the respondent company has been taking insurance coverage and claiming the reimbursement of insurance premia paid not exceeding 1% of the capital cost and the 5<sup>th</sup> respondent has been paying the same in accordance of the terms of the PPA.

11. In this context, it is apt to extract the relevant clauses of the PPA as hereunder:

### **ARTICLE 3**

Article 3.2.1 a) (vii) reads as follows:-

*“Insurance premia for such tariff year at actuals (including with respect to insurance required by the parties providing financing to the Project), at such rates, coverage and conditions as determined by the Company and on commercially reasonable terms, subject to the requirements of the lenders but not exceeding one percent (1%) of the Capital Cost. The amount of insurance premia included as an element of the Fixed charge shall be based on the amounts payable by the Company pursuant to the most recent invoices received prior to the Fixed Charge Computation Date for the relevant Tariff Year”.*

### **SCHEDULE - B**

#### **Article 3**

**“3. Required Coverage:** *The company shall, at its own expense, acquire and maintain, or cause to be maintained, from the date of Financial Closing and throughout the term of this Agreement as applicable, the following minimum coverages so long as such coverages are available to the company on reasonable commercial terms.*

(a) **Workers Compensation and Employers Liability:** This coverage will include workers compensation, temporary disability and other similar insurance required by the laws of GAP and GOI. Additionally, coverage under this clause (a) shall include a voluntary compensation and employers' liability endorsement for employees not subject to the workers compensation laws. Employers liability coverage limits should be no less than those provided for under the Workmen's Compensation Act.

(b) **General Liability Insurance:** This coverage will include either Comprehensive General Liability or Commercial General Liability Insurance coverage for all operations by or on behalf of the company.

Such coverage shall provide insurance for bodily injury and property damage liability for the limits of liability of not less than \$10 million and shall include coverage for:

- (i) Death and bodily injury;
- (ii) Property damage;
- (iii) Product liability;
- (iv) Contractual liabilities (assumed by the company) arising from:
  - a. The business of the company, or
  - b. The premises and operations within India.

(c) **Builders All Risk Insurance:** This insurance shall include coverage for fire, earthquakes and flood perils including transit, testing, incidental storage, delay costs, structures, equipment, buildings, improvements and temporary structures used in the construction of or as part of the permanent Project, from the start of construction through the Commercial Operation Date of the final Generating Unit to come on line under this Project. The coverage shall be no less than the maximum probable loss of property items covered, subject to a reasonable deductible, which is commercially available at similar rates for projects of similar size and similar location. The limits for earthquake and flood perils shall be no less than 40 percent of the full replacement values. sublimits deemed to reasonably protect the value of the property will be in effect, and the company will provide written notification as to these sublimits and any changes to these sublimits.

(d) **All Risk Property/Comprehensive Boiler and Machinery Insurance (Upon Completion of Construction):** This insurance shall provide All Risk property coverage (including the perils of earthquake and flood) and comprehensive Boiler and Machinery coverage against damage to the project in amounts not less than the maximum probable loss amount for the project and subject to a reasonable deductible. Such policies shall be endorsed to require that the coverage afforded shall not be canceled (except for non-payment of premiums) or reduced without at least 30 days prior notice to be Board, provided, however, that such endorsement shall provide that the Board shall thereupon have the right to pay such premium directly to the insurer.”

**Clause 5:**

**“5. Cost of Insurance:** The cost to the company of all insurance coverage set forth in Article 3 and reasonable amount of any premium paid on the insurance of any plant, equipment, work or facility (including any reasonable amount of any premium for any insurance required by the parties providing financing for the project) during the transit, transport, storage or erection thereof for periods prior to the Acceptance Date of each Generating Unit and all additional insurance coverage which lenders to the project may require the Company to purchase shall be borne by and then reimbursed to the company to the extent provided in Article 3.”

12) A co-joint reading of the Article 3.2.1 (a) (vii) and Schedule 'B' of the PPA reveal that the insurance coverages mentioned under Article 3 of Schedule 'B' are minimum coverages and Schedule 'B' does not preclude the respondent from taking the additional insurance coverages over and above the minimum coverages stipulated above, when the same were required to be taken by the parties providing financing to the project in terms of Article. 3.2.1(a)(vii) of the PPA. This is true, specially, when the liability on account of reimbursement of insurance premium does not exceed one percent of the capital cost.

It was not the case of the petitioner that neither the insurance under section II (Business interruption Policy) not taken pursuant to the requirements of the parties providing finance to the Project nor the reimbursement of all the insurance premia exceeding the limit of 1% of the capital cost.

That being the case, the prayer of the petitioner to declare the insurance premia under Section – II, obtained by the company is not eligible for reimbursement, cannot be granted. Accordingly, the petition stands dismissed with no costs.

***This order is corrected and signed on this 13<sup>th</sup> day of March, 2013.***

Sd/-  
(R.Ashoka Chari)  
Member

Sd/-  
(C.R.Sekhar Reddy)  
Member

Sd/-  
(A.Raghotham Rao)  
Chairman