

The HP Power Transmission Corporation Ltd.

v.

M/s Brua Hydrowatt Pvt. Ltd. & Ors.

(Civil Appeal No. 3919 of 2023)

14 May 2025

[Abhay S. Oka and Augustine George Masih,* JJ.]

Issue for Consideration

Whether the Appellate Tribunal for Electricity was correct in reversing the Order passed by Himachal Pradesh Electricity Regulatory Commission thereby exonerating respondent from bearing the entire construction cost for the Bay.

Headnotes[†]

Doctrine of Privity – Whether the appellant can recover dues and other charges despite being a stranger to the internal tripartite agreement (ITA) dated 27.12.2019 among the respondents:

Held: The respondents executed an ITA wherein they agreed to pool in the power to be generated from their respective generative stations at Bay and the entire cost of the terminal, including metering arrangements, were to be shared between them in proportion to their individual generating capacities – Separately, the appellant executed a Connection Agreement with only respondent no. 1, wherein respondent no. 1 acted as lead partner of the consortium of the respondents, had the liability to pay for cost of construction, additional charges, and O&M Charges to the appellant in relation to the Bay – Respondent no. 1 was to ensure the payment to be made to the appellant and thereafter seek reimbursement in case of non-payment of the amount by the other generating companies within the time stipulated – Respondent no. 3 defaulted in its payment, the appellant raised a demand from the respondent no. 1 citing sole liability of the said respondent as per Connection Agreement dated 02.07.2021 – Since the appellant was not a party to the ITA which was executed by and between the respondent no. 1, 2 and 3, thus appellant could not have and cannot claim proportionate shares as per the installed capacity of the project from Respondent No. 02 and Respondent No. 03 – The right, to claim and seek recovery of the liability from Respondent No. 02 and Respondent No. 03 would be

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only with respondent no. 1 as per the ITA – Appellant is not privy to the ITA executed among the respondents, therefore does not have any right to claim for dues or liabilities from respondent no. 2 & 3 – As ITA does form part and parcel of the Connection Agreement executed between appellant and respondent no. 1, the exact wording only binds respondent no. 1 for the payment of concerned cost and charges – APTEL’s judgment is based upon wrong assumptions and misreading of the terms of agreement thereby ignoring the basic principle that a party not privy to the agreement or contract cannot be, unless the context otherwise makes it apparent, made liable for any term(s) and condition(s) unrelated to it.

Case Law Cited

Essar Oil Limited v. Hindustan Shipyard Limited and Others [2015] 6 SCR 924 : (2015) 10 SCC 642 – relied on.

Jamna Das v. Pandit Ram Autar Pande and Others, 1911 SCC OnLine PC 35 – relied on.

Tweddle v. Atkinson (1861) 121 ER 762 – relied on.

List of Acts

Electricity Act, 2003; The Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005.

List of Keywords

Doctrine of Privy; Connection Agreement; Transmission Licence; Hydro Electric Process; Stranger to an agreement cannot enforce.

Case Arising From

CIVILAPPELLATE JURISDICTION: Civil Appeal No. 3919 of 2023
From the Judgment and Order dated 17.03.2023 of the Appellate Tribunal for Electricity at New Delhi at AN No. 30 of 2023

Appearances for Parties

Advs. for the Appellant:

Anand K. Ganesan, Nikunj Dayal, Pramod Dayal, Amal Nair, Ms. Shivani Verma.

Advs. for the Respondents:

Tarun Johri, Ankur Gupta, Vishwajeet Tyagi.

Supreme Court Reports**Judgment / Order of the Supreme Court****Judgment****Augustine George Masih, J.**

1. This Civil Appeal assails the Judgment dated 17.03.2023 in Appeal No. 30 of 2023 (“Impugned Judgment”) by the Appellate Tribunal for Electricity at New Delhi (“APTEL”) which reversed the findings returned vide Order dated 27.12.2022, by Himachal Pradesh Electricity Regulatory Commission at Shimla (State Commission) in Petition No. 35 of 2022, holding M/s Brua Hydrowatt Pvt. Ltd., Respondent No.01 herein (“BHP Ltd”) liable to bear the entire cost for Bay at the 66kV Switching Station at Urni (“Bay”), which was constructed by the HP Power Transmission Corporation Limited, Appellant herein (“HPPTC Ltd”) as per the Connection Agreement (Revised) dated 02.07.2021 (“CA dated 02.07.2021”).
2. The details of the parties before us are that the HPPTC Ltd is a transmission licensee responsible for executing transmission networks, including transmission lines and sub-stations of 66kV and above in the State of Himachal Pradesh. The BHP Ltd, formerly known as M/s Contransys Pvt Ltd, is a company incorporated under the Companies Act, 1956, and classified as a generating company under Section 02 (28) of the Electricity Act, 2003. Respondent No. 02 and Respondent No. 03, being M/s Darjeeling Power Pvt Ltd and M/s Roura Non-Conventional Energy Pvt Ltd respectively, are the other generating companies engaged in hydroelectric projects within the State of Himachal Pradesh. Respondent No. 04 and 05 are proforma respondents, being the State Commission and State of Himachal Pradesh respectively.
3. The facts leading to the case are that Government of Himachal Pradesh entered into an Implementation Agreement with the HPPTC Ltd on 25.07.2006 to establish the Brua Hydro Electric Project (“BHEP”), initially with a capacity of 05 MW. The interconnection was originally planned at a 33kV single circuit transmission line at Karcham in Kinnaur district of Himachal Pradesh. However, the Power Purchase Agreement dated 06.04.2009 was revised through a Supplementary Power Purchase Agreement on 09.07.2018 to increase the capacity to 09 MW at a fixed tariff of INR 2.93 per unit.

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The connection at Karcham was approved on 03.12.2010 by the Himachal Pradesh State Electricity Board Ltd (HPSEBL), but stood modified to be connected at Urni instead of Karcham, allowing for the Bay in joint mode for the three generating companies i.e. BHEP, Shaung and Roura-II Hydro Power Project.

4. To this effect, an application for connectivity had been submitted by the BHP Ltd on 04.07.2012 and stood approved by the HPPTC Ltd on 18.03.2013 and 23.04.2013 leading to the Connection Agreement dated 04.06.2014, designating Urni as the connection point. Admittedly, the HPPTC Ltd informed the BHP Ltd on 04.12.2015 that Bay would only be operational after completion of the Urni-Wangtoo 66kV line and the Wangtoo sub-station. In the interregnum, it allowed BHP Ltd to utilize the 220kV Kahshang Bhaba line circuit at 66kV. Further, in pursuance of direction of the HPSEBL, the HPPTC Ltd completed a 66kV feeder Bay at Nathpa sub-station for interim power evacuation, leading to signing of Interim Power Transmission Agreement dated 23.01.2016, requiring the BHP Ltd to pay INR 0.14 per unit to the HPPTC Ltd for providing interim arrangements.
5. All three generating companies i.e., BHP Ltd, Respondent No.02 and Respondent No.03 entered into an Internal Tripartite Agreement dated 27.12.2019 (ITA dated 27.12.2019) to allow for proportionate sharing of transmission charges, including the cost of Bay installed by the HPPTC Ltd at Urni. As per the agreement, while the BHP Ltd would handle claims for deemed generation and Operation and Maintenance Charges (O&M Charges), the other parties to the ITA dated 27.12.2019 i.e., Respondent No.02 and Respondent No.03 would reimburse BHP Ltd.
6. The HPPTC Ltd and BHP Ltd then entered the CA dated 02.07.2021 wherein, while the HPPTC Ltd was to manage the interconnection to the State's Transmission Utility System, BHP Ltd was made liable for all the payments concerned, including the construction cost for the Bay. Subsequently, request was made by BHP Ltd for connection to Bay, and the HPPTC Ltd raised a demand for INR 3,42,85,447 (Rupees Three Crore Forty-Two Lakh Eighty-Five Thousand Four Hundred Forty-Seven only) as construction cost for the Bay vide Letter dated 24.01.2022.
7. Against this demand, BHP Ltd wrote to Respondent No.02 and Respondent No.03 for the payment of their proportionate shares.

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While Respondent No. 02 agreed for transfer of payment, Respondent No. 03 responded with their inability to do so at that point in time. Consequently, the BHP Ltd wrote Letter dated 10.05.2022 to HPPTC Ltd stating that it is willing to deposit the proportionate share for itself and that of Respondent No.02, however, Respondent No.03 shall pay its proportionate share along with interest subsequently. This demand was rejected by the HPPTC Ltd vide Letter dated 30.05.2022, citing the sole liability of BHP Ltd under the CA dated 02.07.2021.

8. This prompted the BHP Ltd to move the State Commission through Petition No. 35 of 2022 under Section 86(1)(f) read with Section 158 and other enabling provisions of the Electricity Act, 2003 and Regulations 53, 68, and 70 of the *Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005*.
- 8A. While dismissing the petition of the BHP Ltd vide Order dated 27.12.2022, the State Commission observed that BHP Ltd was acting as the lead partner of the consortium, while it applied for the connection for all three projects and agreed to pay the cost of construction, additional charges, and O&M Charges to the HPPTC Ltd, with the expectation that the amount would be reimbursed by the Respondent No.02 and Respondent No.03 in their proportionate shares, which aspect of liability had been acknowledged by them. The HPPTC Ltd, therefore, rightfully issued the invoice(s) to the BHP Ltd, which is responsible and liable for payment as per the agreement. Recovery, if any, from Respondent No.02 and Respondent No.03 was an internal matter between them, and the HPPTC Ltd had no concern. While rejecting the contention that the HPPTC Ltd should issue separate bills or that HPPTC Ltd must enter into separate O&M agreements with the parties concerned, the State Commission observed that the BHP Ltd must fulfil its obligations under the agreements dated 27.12.2019 and 02.07.2021.
9. Aggrieved by the said Order, the BHP Ltd moved the APTEL vide Appeal No. 30 of 2023 under Section 111 of the Electricity Act, 2003, which effected the pronouncement of the Impugned Judgment dated 17.03.2023. APTEL, while considering the CA dated 02.07.2021, observed that the BHP Ltd was liable for construction cost and O&M Charges of the Bay on “mutually agreed terms”. A reference was also made to the ITA dated 27.12.2019 stipulating that the costs would

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be shared by the parties in proportion to their individual capacities. Furthermore, the Supplementary Power Purchase Agreement dated 09.07.2018 indicates that the interconnection facilities required for the project, including switching equipment, protection, control, and metering devices, shall be installed and maintained by the HPPTC Ltd at the Bay, with the costs to be shared proportionately by the parties. The BHP Ltd had submitted that no specific agreement for the payment of charges to the Appellant under Clause 2.4 of the CA dated 02.07.2021 was executed, holding that, in the absence of such an agreement, the demand for payment of the entire Bay charges could not be imposed on it. However, the State Commission concluded that the BHP Ltd, acting as the lead partner, had agreed to pay these charges, contrary to the assertion.

- 9A. Inclined with the assertions of the BHP Ltd, APTEL further observed that the Clauses 2.4 and 2.5 of the CA dated 02.07.2021 do not indicate that the BHP Ltd agreed to pay the entire Bay charges and O&M Charges on behalf of Respondent No.02 and Respondent No.03, in addition to its own liabilities. Furthermore, it does not address the scenario where one of the generating companies fails to pay the Bay charges or does not commission its project, leaving the lead member responsible for the costs and charges of such defaulting generating Company. Therefore, the unilateral demand for payment of Bay charges by the HPPTC Ltd for liability of other generating companies is contrary to the terms of the CA dated 02.07.2021.
- 9B. Thereafter, APTEL examined the ITA dated 27.12.2019 and while rejecting the contentions of the HPPTC Ltd, observed that it cannot place reliance on the said ITA for its benefit without being a party therein as it does not form part and parcel of the CA dated 02.07.2021, nor does it govern the payment of Bay charges. While concluding on the liability of the BHP Ltd, APTEL observed that before the State Commission, the other generating companies, i.e. Respondent No.02 and Respondent No.03, had accepted their liability of the proportionate Bay charges and an undertaking to that effect being given by Respondent No. 03 should similarly apply to the BHP Ltd, so as to not hold it liable for share of other generating companies. The interim arrangement for power evacuation should cease once the BHP Ltd is connected through the Bay. Respondent No. 03's

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failure to commission its project has led to complications, but the BHP Ltd cannot be burdened with additional costs without explicit contractual provisions. The Bay charges attributable to Respondent No. 03 may be recovered by the HPPTC Ltd after its project is commissioned or through other legal remedies.

- 9C. Appeal No. 30 of 2023 preferred by BHP Ltd was allowed vide Judgment dated 17.03.2023 passed by APTEL; setting aside the Order dated 27.12.2022 passed by the State Commission. Further directions were issued to HPPTC Ltd to provide connection to the BHP Ltd and Respondent No.02 on payment of their respective share of charges for the Bay.
10. This resulted in the HPPTC Ltd moving this Court through instant Civil Appeal No. 3919 of 2023 assailing the Impugned Judgment passed by APTEL. To press their claim, the counsels on behalf of the HPPTC Ltd have asserted that even by virtue of the ITA dated 27.12.2019 it was the BHP Ltd who was liable to act on behalf of other two generating companies and the mandate was limited to recovery of the proportionate charges by BHP Ltd from the other generating companies. It was solely BHP Ltd who was designated as the sole applicant in CA dated 02.07.2021 for payment of charges and to settle claims of deemed generation for the Bay to the HPPTC Ltd. Furthermore, as a stranger to the ITA dated 27.12.2019, HPPTC Ltd cannot seek or enforce to recover the other part of charges from Respondent No.02 and Respondent No.03 which APTEL failed to appreciate while directing HPPTC Ltd to do so.
11. Contesting the assertions by the HPPTC Ltd, the counsels for the BHP Ltd submitted that in pursuance of the Impugned Judgment, the parties entered into an agreement for the O&M of interconnection facilities as stipulated in Clause 2.5 of the CA dated 02.07.2021 which included provisions for a separate arrangement for the execution, operation and maintenance (O&M) of the Bay. Moreover, proportionate share of liability arising as against the BHP Ltd has been deposited and acknowledged by the HPPTC Ltd vide Letter dated 01.04.2023 and the connection has been provided at the Bay. Having complied with the Impugned Judgment, the HPPTC Ltd is now precluded from challenging it, rendering this Civil Appeal infructuous. Moreover, separate bills have been raised by the HPPTC Ltd for the three generating companies vis-à-vis payment of provisional O&M Charges for April 2023 to March 2024. Therefore, it is asserted that the new

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Agreement dated 01.04.2023 supersedes the terms of ITA dated 27.12.2019 and reveals an acceptance on the part of the HPPTC Ltd to treat the three projects separately.

- 11A. It was further contended on behalf of the BHP Ltd that the APTEL rendered its decision after thoroughly examining the relevant facts and circumstances and that the Order dated 27.12.2022 as passed by the State Commission was based on a fundamentally erroneous interpretation of the terms and conditions of the CA dated 02.07.2021 and other pertinent documents.
12. In response to these contentions, it is argued on behalf of the HPPTC Ltd that execution of O&M Agreement is in compliance on the directions by APTEL as it could not have risked contempt in case of non-compliance as there was no stay on the Impugned Judgment and same does not imply any concession on part of the HPPTC Ltd. Moreover, the BHP Ltd has not paid the Bay charges and while the Respondent No.02 attempted to pay its proportionate share, it was refused by the HPPTC Ltd because it had no locus to receive the amount owing the CA dated 02.07.2021 being only between the HPPTC Ltd and BHP Ltd and accordingly, such a payment does not impact the liability of the latter to pay charges for the Bay.
13. No submissions were made on behalf of other parties in the instant Civil Appeal.
14. We have heard the submissions on behalf of the parties at length.
15. Before perusing the legal conundrum of singular or shared liability of the BHP Ltd as against the CA dated 02.07.2021, it is pertinent to analyze the provisions of the terms negotiated and agreed to therein.
16. A bare perusal of the CA dated 02.07.2021 indicates that Respondent No.02 and Respondent No.03. are not privy to the agreement entered between the HPPTC Ltd and the BHP Ltd. The HPPTC is referred to as STU and BHP Ltd as Applicant in the CA dated 02.07.2021. The preamble of the said agreement reads:

“STU and Applicant are hereinafter collectively referred to as “Parties” and individually as “Party”.

WHEREAS:

(A) The Applicant has applied to the STU for connection of the Brua (9.00 MW) Small Hydro Electric Project facility

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in joint mode with Shaung (3.00MW) SHP and Roura-II (24.00MW) SHP to the STU Transmission System and use of the STUs Transmission system to transmit electricity to and or from the Facility through the Intrastate Transmission system.

(B) The STU has agreed to the connection of the Brua (9.00 MW) Hydro Electric Project facility in joint mode with Shaung (3.00MW) SHP and Roura-II (24.00MW) SHP to the STU's System and Communication System (via the applicant's Stie – Related Connection Equipment) at the Connection Point i.e. 66kV Feeder Bay at 66kV Switching Station, Urni through 66kV S/C Line in joint mode with Shaung and Roura-II SHPs using the (wave length) Transmission and Communication System of the STU, to transmit electricity as well as real time data to and or from the facility through the STU's Transmission and Communication System."

17. The General Conditions for Connectivity are laid down in paragraph 01 of the CA dated 02.07.2021, and the relevant obligations are as under:

"1.1 (b) The applicant, shall be responsible for planning, design, construction, and safe and reliable operation of its own equipments in accordance with the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations, 2007, Central Electricity Authority (Technical Standards for Construction of electrical plants and electric lines) Regulations, Central Electricity Authority (Grid Standards) Regulations, Indian Electricity Grid Code (IEGC) and other statutory provisions.

(c) The applicant shall provide necessary facilities for voice & data communication for transfer of real time operational data such as voltage, frequency, real and reactive power flow, energy, and status of circuit breaker & isolators positions, transformer taps and other parameters from their station to Data Collection Point (DCP) of STU as per CGC/IEGC. STU shall provide access to applicants data transfer through communication network in case spare channels are available on mutually agreed terms. The location of DCP of STU shall be the nearest station

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connected electrically where wideband communication capacity STU is available.

Additional communication system from DCP to the HPSLDC shall be the responsibility of STU however its cost shall be borne by the applicant. The responsibility of data transfer shall be that of the applicant.”

18. On the liability to pay the charges and costs, it was agreed in Clause 02 of the CA dated 02.07.2021 that:

“2 Agreement to Pay Charges and Costs

2.1 Agreement to Monthly Transmission Tariff

The applicant declares that it shall pay the Monthly Tariff including HPSLDC charges, for use of Intra State Transmission system, as and when long term access, Medium-term open access or short-term open access is availed by the applicant, in accordance with the relevant regulations of HPERC in this regard.

2.2 Agreement to additional costs

The applicant declares that it shall pay the cost towards modification/alterations to the Infrastructure of STU or Intra-State transmission licensee/Distribution Licensee other than the STU, as the case may be, for accommodating the proposed connection as specified in the letter of STU furnishing connection details.

2.3 Agreement to pay for damages

The applicant declares that it shall pay/make good damages, if any, caused by the customer to the property of the STU or Intra-State transmission licensee/Distribution Licensee other than the STU, as the case may be, which has been notified by the STU within reasonable time of its occurrence, during the course of control, operation and maintenance of the equipment.

2.4 Agreement to pay Charges for construction of Bays:

The applicant will execute an agreement with STU for the erection of equipment of applicant or intra-state transmission

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licensee/Distribution Licensee in the substation premises of the STU for construction of bays, if required. For this purpose the applicant shall pay charges to the STU on mutually agreed terms.

2.5 Agreement to pay O&M Charges:

The applicant shall pay O&M charges to the STU on mutually agreed terms for the bay equipment of applicant being operated & maintained by the STU in their substation. These O&M charges will be governed time to time as per the mutually agreed terms.”

19. BHP Ltd has asserted that the ITA dated 27.12.2019 is relevant to the terms and conditions of the CA dated 02.07.2021 and also forms a part while interpreting the latter. On that note, the relevant terms of the former agreement between the three generating companies i.e., the BHP Ltd, Respondent No.02 and Respondent No.03 are as follows:

1. That all the IPPs shall pool in the power to be generated from their generating stations at the common 66kV terminal bay at proposed 66/220kV sub-station at Urni of HPPTCL in District Kinnaur, Himachal Pradesh.

2. That the entire cost of common 66kV terminal bay including metering arrangements required to be in place for metering purpose etc. shall be shared by the IPPs in proportionate to their individual generating capabilities.

4. That the cost of operation & Maintenance of the Interconnection facilities at the HPPTCL grid as per the claim to be raised by HPPTCL shall be borne by the IPPs injecting power therein in proportionate to the installed capacity of project. M/s Roura Non Conventional Energy Private Limited and M/s Darjeeling Power Private Limited shall reimburse the proportionate O&M charges to M/s Brua Hydro Watt (P) Limited within 15 days of raising the bills thereof. M/s Brua Hydro Watt (P) Limited shall ensure that the payment of O&M charges received from M/s Roura Non Conventional Energy Private Limited and M/s Darjeeling Power Private Limited along with their own share of O & M charges are deposited with the HPPTCL

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within 3 days. Any claim arising out of delayed remission of O&M charges after receipt of the same from M/s Roura Non Conventional Energy Private Limited and M/s Darjeeling Power Private Limited shall be to the account of M/s Brua Hydro Watt (P) Limited.”

5. That the IPPs jointly nominate M/s Brua Hydro Watt (P) Limited to settle the claim, if any, of the deemed generation of the projects with the HPSEBL in line with the decision of HPERC in the Case no. 254/2006, M/s Sri Sai Krishna Hydro Energies Private Limited & Others Versus Himachal Pradesh State Electricity Board Shimla (Annexure-B), The internal settlement of the deemed generation claims amongst the IPPs shall be made in proportion to the installed capacities of the respective IPPs.”

20. A perusal of the terms of the CA dated 02.07.2021, as referred to above would indicate that BHP Ltd moved an application before the HPPTC Ltd for seeking connection to the Bay and use of the said system to transmit electricity. This was done not only on behalf of itself, but in joint mode with Respondent No.02 and Respondent No.03. The said request was accepted by the HPPTC Ltd, subject to certain conditions as had been laid down. The relevant provision, as far as the present issue is concerned, is covered by Clause 02 of the said agreement which deals with the payment of charges and costs.
21. As per this Clause 02, all the charges were to be paid by the applicant therein i.e. the BHP Ltd, which included not only the monthly tariff but the payment of costs towards modification/alteration of infrastructure, the other charges including the payment of damages if caused by the customer to the property of the HPPTC Ltd as also the charges of construction of the Bay. Even the payment of O&M Charges were to be made by the BHP Ltd. These terms make it clear that the sole liability was that of BHP Ltd not only in its individual capacity but also on behalf of the Respondent No.02 and Respondent No.03. It would not be out of way to mention here that CA dated 02.07.2021 was entered into between the HPPTC Ltd and BHP Ltd only while Respondent No.02 and Respondent No.03 were not a party to the said agreement.
22. As has been insisted upon and asserted by the Counsel for the BHP Ltd, the ITA dated 27.12.2019, which had been entered into between

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the three generating companies i.e., BHP Ltd, Respondent No.02, and Respondent No.03 was an internal arrangement between them where the HPPTC Ltd was not a party. The relevant provisions of the ITA dated 27.12.2019, as have been reproduced above, leave no manner of doubt that as per the said agreement all three of them had agreed to pool in the power to be generated from their respective generative stations at Bay of the HPPTC Ltd. The entire cost of the terminal, including metering arrangements, were to be shared between them in proportion to their individual generating capacities.

23. Cost of operation and maintenance of the interconnection facilities at the grid was to be borne by all three of them as would be raised by the HPPTC Ltd as per their proportionate installation capacity of the project. BHP Ltd had taken up the responsibility to be the joint nominee for all three of them to settle the claim, if any, of the deemed generation of projects with the HPPTC Ltd. It clearly laid down that Respondent No.02 and Respondent No.03 would reimburse the proportionate amount due as per the agreement to BHP Ltd within 15 days of raising of the bills by the HPPTC Ltd. BHP Ltd was to ensure the payment to be made to the HPPTC Ltd and thereafter seek reimbursement in case of non-payment of the amount by the other generating companies within the time stipulated. What, therefore, turns out is that the primary responsibility had been taken upon itself by BHP Ltd, taking the lead for the other two generating companies and thereafter recover the proportionate amount as per the respective installed capacity of the project of the other two generating companies i.e. Respondent No.02 and Respondent No.03.
24. Liability, if any, being therefore upon BHP Ltd as per the CA dated 02.07.2021 with HPPTC Ltd not being a party to ITA dated 27.12.2019, the latter could not have and cannot claim proportionate shares as per the installed capacity of the project from Respondent No.02 and Respondent No.03. The right, if any, of the claim and recovery of the liability from Respondent No.02 and Respondent No.03 would be only with BHP Ltd. The HPPTC Ltd, therefore, has rightly put forth its claim to BHP Ltd.
25. Having considered the provisions of the contracts/agreements as above, we should ideally be considerate of the impact of the liability of the charges under the CA dated 02.07.2021, if so imposed on Respondent No.02 and Respondent No.03 through existing legal doctrines and decisions of the Courts.

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26. The Doctrine of Privity, as originally introduced in the decision of ***Tweddle v. Atkinson***¹ and acknowledged by the Privy Council in ***Jamna Das v. Pandit Ram Autar Pande and others***², still holds relevance when it comes to contractual rights and obligations of parties *inter se*. In a similar factual backdrop, as in this case, vis-à-vis relationship between the parties and their ability to sue for recovery thereof, a three-Judge Bench of this Court in ***Essar Oil Limited v. Hindustan Shipyard Limited and Others***³ denied the Appellant therein, to sue ONGC for recovery of payment in its capacity as a sub-contractor, as it was not privy to the contract between the ONGC and Respondent-Contractor. Their reliance on some direct payments made to it by ONGC were observed to be not sufficient to establish privity of contract.
27. In the light of the above legal position, if the contentions of the BHP Ltd are accepted by this Court, HPPTC Ltd would technically have no legal remedy to recover its dues or other charges from Respondent No.02 and Respondent No.03 in event of a default as they are not under any contractual obligation to discharge any liability towards the HPPTC Ltd vis-à-vis the Bay.
28. Therefore, it is our opinion that the APTEL was incorrect in not considering the absence of privity of Respondent No.02 and Respondent No.03 to the CA dated 02.07.2021, especially when it went on to observe that the ITA dated 27.12.2019 cannot be relied upon by the HPPTC Ltd for its contentions as it does not form part and parcel of the CA dated 02.07.2021. An equivalence should have then been drawn by the APTEL to consider the fact that Respondent No.02 and Respondent No.03, although beneficiaries to the liability of the HPPTC Ltd to construct, operate and maintain the Bay through the CA dated 02.07.2021, could not have been held liable for the charges when explicit wording in the CA dated 02.07.2021 only binds BHP Ltd for the payment of concerned cost and charges.
29. If that be so, as per the terms of agreement, the Impugned Judgment of the APTEL is based upon wrong assumptions and misreading of the terms of agreement ignoring the basic principle that a party not

1 (1861) 121 ER 762

2 1911 SCC OnLine PC 35

3 (2015) 10 SCC 642

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privity to the agreement or contract cannot be, unless the context otherwise makes it apparent, made liable for any term(s) and condition(s) unrelated to it.

30. Accordingly, the decision rendered by the State Commission is good in law, and the observations herein above mandate that the Impugned Judgment as passed by the APTEL be set aside.
31. Therefore, the instant Appeal is allowed in favour of the HPPTC Ltd to the effect that the Impugned Judgment dated 17.03.2023 passed by the APTEL is set aside and the Order dated 27.12.2022 passed by the State Commission is restored.
32. There shall be no order as to costs.
33. Pending application(s), if any, stand disposed of.

Result of the case: Appeal allowed.

[†]Headnotes prepared by: Gaurav Upadhyay, Hony. Associate Editor
(*Verified by:* Abhinav Mukerji, Sr. Adv.)