

Solar Energy Corporation of India

New Delhi

Ref: SECI/JNNSM/P-2/B-1/RfS/102013/Clarification-02/

Dated 01.01.2014

JNNSM Phase-II, Batch-I: Second Set of Clarifications on RfS/PPA/VGF Securitization Agreement

(RfS No.: SECI/JNNSM/SPV/P-2/B-1/RfS/102013 dated 28th October, 2013)

Sl. No.	Queries	SECI's Replies
VGF Related Queries		
1.	Ranking of SECI's Charge	SECI will have <u>second charge</u> along with first charge of lending institutions. VGF Securitization Agreement shall be suitably amended.
2.	Calling of Event of Defaults	SECI shall call / trigger event of defaults pursuant to VGF Securitization Agreement <u>with consent of lending Institution (if any).</u> <i>VGF Securitization Agreement shall be suitably amended.</i>
3.	SECI's Right to Step in	SECI will have the right to step-in along with the lending institutions (if any). However, <u>SECI will exercise this right only in the event that lending institution exercises its right to step in and take over the Project for recovery.</u> Further, in the event the lending institution exercises its right to take over the Project for substitution of SPD, the substituting SPD shall have to necessarily meet the eligibility conditions as stipulated in the RfS document and shall honour the existing PPA and VGF Securitization Agreement.
4.	Timing of creation of SECI's Charge on the Project Assets	It is clarified that SPDs are required to create SECI's charge before raising of first VGF Disbursement request.
5.	Provision of Capacity Utilization Factor (CUF) adjustment on account of abnormally low solar irradiance year	Provision to adjust CUF on account of abnormally low solar irradiance in an year shall be incorporated in VGF Securitization Agreement and Power Purchase Agreement (PPA) in following manner: Abnormally low solar irradiance year shall be declared if the actual radiation in the year under consideration is less than 50% of average values available from the nearest IMD/SRRA stations. <i>VGF Securitization Agreement & PPA shall be suitably amended.</i>
6.	Inclusion of Force Majeure Conditions in the VGF Securitization Agreement.	Force Majeure conditions on the similar line of PPA shall be included in the revised VGF Securitization Agreement.

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		<p>For avoidance of any doubt, in case of occurrence of Force-majeure conditions resulting in partial damage or total damage, if the SPD is able to revive the project in a mutually agreed time schedule, then disbursement of VGF will be continued. In case the SPD is unable to revive the project, SECI will have the claim from the insurance settlement of the Project.</p> <p><i>VGF Securitization Agreement shall be suitably amended.</i></p>
7.	<p>Starting preamble point F: SPD would be eligible to receive VGF support amounting to maximum Rs. [Insert VGF Amount in Cr.] Crores, which shall be released by SECI subject to funds made available by MNRE</p>	<p>The phrase “subject to funds made available by MNRE” shall be deleted.</p> <p><i>VGF Securitization Agreement shall be suitably amended.</i></p>
8.	<p>Submission of Land Conversion documents</p>	<p>A no objection/ Consent/ suitability/ Conversion certificate from the concerned and competent authority for land usage for development of Solar power Project, is required to be submitted by SPDs, not later than third Tranche of VGF Disbursement.</p>
9.	<p>Article 3.1 (d) : submission of irrevocable and un-conditional personal guarantee of SPD's promoters / directors</p>	<p>Deleted</p>
10.	<p>Article 4.1: Event of Default:</p> <p>f) Change in the controlling shareholding or change in the shareholding pattern resulting into change in controlling shareholding pattern of the SPD without prior written intimation to SECI</p> <p>h) If the property given as mortgage depreciates in value or is rendered inadequate to such an extent that in the opinion of SECI further additional security to the satisfaction of SECI should be given and such security is not given, in spite of being called upon to do so</p> <p>k) If SPD formed by successful consortium as a special purpose vehicle for execution of the Project is engaged in any business or activities either alone or in partnership</p>	<p>Deleted.</p>

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	or joint venture other than execution of the Project, without the prior written consent of SECI	
11.	Incorporation of clause to facilitate faulty equipment	Provision to facilitate replacement of faulty / defective equipment during the course of operation of the Project shall be suitably incorporated in the <i>VGF Securitization Agreement</i>
12.	Article 7.1 (a) Inspection of Book of Accounts of SPDs	The entire clause shall be amended to address the apprehensions of SPDs in following manner: <i>"The VGF is supported by the Government of India through budgetary resources, and therefore SPD shall maintain accounts and documents related to VGF in a manner which shall meet the requirements of guidelines / instructions issued by the Government of India from time to time."</i>
13.	Article 7.1 (c) : SPDs not to sell, gift lease, rent transfer or dispose-off in any other manner	The clause shall be amended to incorporate the provisions of PPA.
General Issues		
1.	Elaboration of Project Capacity and Contract Capacity as defined in MNRE guidelines/ RfS/ PPA/ VGF Securitization agreement.	Project Capacity as defined in the guidelines is the minimum AC capacity at Project bus bar as declared by the bidder for the purpose of bidding based on which the bidder shall seek VGF . It may happen that the Project Capacity at the Project bus-bar is higher than the capacity at the Delivery Point on account of losses. No extra VGF shall be payable for this extra capacity. The Contracted Capacity is the maximum AC capacity at the delivery point on which the PPA and VGF securitization agreement shall be signed . SPD shall suitably design the Project so as to ensure that the SPD can demonstrate the Project capacity at the bus bar. SPD shall take into account all the losses at various points including transmission losses from Project bus bar up to the delivery point and the SPD is able to deliver the Contracted Capacity at the delivery point.
2.	Connectivity letter: It is requested that letters indicating a connectivity time period of 24 months (which will not meet the 13 month period as stipulated in RfS) may be accepted by SECI.	SECI may provisionally accept connectivity letters only in cases where the STU has indicated that they will make all efforts to provide connectivity within the time period as specified by SECI. However, the SPD shall be solely responsible to ensure availability of evacuation facility so as to commission the Project within 13 months from signing of PPA. Further, the bidders are advised to select the Project locations where the evacuation facility is available and projects can be completed within the stipulated time.
3.	Controlling shareholding: It is requested that since fully, compulsory and mandatory	To bring more clarity on Controlling Shareholding, it is clarified that, Controlling shareholding shall mean not less than 51% of the voting rights and paid-up share

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	convertible shares/debentures are allowed, the requirement of more than 50% of the paid up capital may be relaxed.	<p>capital (including fully, compulsory and mandatory convertible Preference shares/Debentures) in the Company/Consortium developing the project.</p> <p>For avoidance of any doubts, it is clarified that fully, compulsory and mandatory convertible Preference shares/Debentures convertible at any date, or equity in the name of Promoter has to remain not less than 51% from the date of bid submission up to completion of 1 year after COD.</p> <p>Necessary amendments shall be issued shortly.</p>
4.	<p>Selection of Projects:</p> <p>Elaboration regarding order of preference to be indicated by bidders</p>	<p>The Clause 3.6.3 of the RfS shall be amended by modifying the condition “strictly in the ascending order of VGF sought for each Project.” with “strictly in the ascending order of VGF sought for each Project in respective category”.</p> <p>It is further clarified that within one category, the bidder cannot give a higher preference for a Project with higher VGF Amount (Preference-1 being the highest preference with lowest VGF Amount in the respective categories). Thus, the Projects shall be ranked from 1-10 as per the Bidder's preference, but within a single category, the Bidder must indicate preference in the increasing order of VGF sought.</p> <p>Necessary amendments in RfS will be issued shortly.</p>
5.	Eligibility of LLCs for participation in the process	It is clarified that Limited Liability company (LLC) shall be allowed only for those LLCs which are formed by companies. Necessary amendments in RfS will be issued shortly.
6.	Difference in methodology specified in Guidelines and RfS for conversion of EMD Amount into PBG	Single EMD can be submitted by the bidder for the cumulative capacity of Projects for which bids are submitted. In case a bidder submits proposal for a capacity more than 100 MW in line with provision as per clause 2.7.e, of guidelines, EMD shall be submitted for 100 MW only. In case of successful bidders, EMD @ Rs 10 Lakhs/ MW shall be returned on submission of performance guarantee for the selected projects @ Rs 30 Lakh/ MW on the same day of release of EMD by SECI.
7.	Allocation of Part Capacity: during the selection process	<p>During the Project selection process, there is a possibility of exceeding 100 MW which may qualify for selection depending on the Project size. In such cases the bidder may have to accept part capacity for the last Project in view of overall capacity restriction of 100 MW. It is mandatory for the bidder to accept such part capacity allocation and in case bidder refuses, the EMD value calculated for the part capacity of the last Project shall be forfeited.</p> <p>Illustration: Suppose a bidder has submitted bid for a cumulative capacity of 150 MW comprising of 7 projects and based on the VGF quoted 120 MW capacity is getting selected for allocation. The bidder has already got</p>

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		<i>allocation of 90 MW comprising of 3 projects. Further if the last project getting selected is of 30 MW, only 10 MW can be allocated to restrict the total allocation to 100 MW. IN such a scenario it is mandatory for the bidder to accept the 10 MW towards the fourth project. In case bidder refuses to accept 10 MW, EMD for 10 MW (i.e. INR 1.00 Cr.) shall be forfeited.</i>
8.	Clarification regarding Open Access/ Wheeling Charges in PPA.	SECI shall be responsible for taking the Open Access/ Wheeling charges, wherever applicable. Clauses 4.2.2 and 4.2.3 of PPA shall be suitably amended.
9.	Conversion of land for setting up of Solar PV Project	Requirement of land suitable for industrial use shall be replaced by "suitable for solar power development". Accordingly, Format 6.10 of the RfS shall be amended.
10.	Installation of necessary equipment for monitoring of solar irradiance (including GHI, DHI and DNI)	The requirement of DNI measurement shall be removed. Accordingly, Clause 7.2 of PPA shall be amended.
11.	Clarification regarding availing of Accelerated Depreciation (AD) benefits	By availing VGF if SPD or its Promoting companies/ associated companies at any point of time during the term of PPA, avails AD benefits against this Project, the tariff paid by SECI shall stand reduce to INR 4.75/ unit from the date of commissioning of the Project.
12.	Commissioning Procedure: Inverter Capacity	SPDs are generally required to install inverters having rated capacity equal to the capacity of the Project. However a negative tolerance of 10% shall be acceptable. For example, in case of a 10 MW project, the minimum acceptable rated capacity of inverters shall be 9 MW. Necessary amendments in RfS and PPA shall be issued shortly.
13.	While filling the Formats, for the clauses which are not applicable for the bidder, does he need to delete them or strike out in the document submitted by him?	For the clauses not applicable for the bidder, he shall <u>strike out</u> such clauses and NOT delete them from the Formats.
14.	Leasing of Equipment and machinery:	It is once again clarified that Leasing of plant equipment and machinery is not allowed .