

No 30/69/2013-14/NSM
Government of India
Ministry of New and Renewable Energy
(National Solar Mission)

Block 14, CGO Complex
Lodhi Road, New Delhi
Date: 17th February, 2016

2017

OFFICE MEMORANDUM

Subject: Amendment in the Scheme for setting up over 300 MW of Grid-connected & Off-grid Solar PV Power Projects by Defence Establishments under Ministry of Defence and Para Military Forces (under MHA) with Viability Gap Funding (VGF) under Phase-II/III of JNNSM during 2014-15 and onwards.

The undersigned is directed to refer to the administrative approval of even no dated 7th January, 2015 & subsequent clarification issued vide OM of even no dated 21st December, 2015 on above subject and to state that due to falling project cost, it has been decided with approval of the Competent Authority to amend the aforesaid existing scheme in following manner:

Para No of the Scheme & Page No.	Existing Provision in the scheme	Amended provisions
Para 3: Detailed procedure under Developer Mode: (a) Page No-7	It is proposed that the solar power from these projects would be supplied at a fixed tariff of Rs.5.50 per unit for a period of 25 years project period. In case benefit of accelerated depreciation is availed for a project, the tariff will get reduced to Rs.4.75 per unit. The project developers would be responsible for getting all clearances, tying up loan, connection with grid etc. Power Purchase Agreement (PPA) would be signed between the selected solar project developers and the Defence Establishments, where land is located. The developer will sell the power to the Defence Establishments. Surplus power, if any, may be sold directly to the Discoms by the developer or the Defence Organization may buy the entire power and sell the surplus power to Discoms at its end.	It is proposed that the solar power from these projects would be supplied at a fixed tariff of Rs.4.50 per unit for a period of 25 years project period. The project developers would be responsible for getting all clearances, tying up loan, connection with grid etc. Power Purchase Agreement (PPA) would be signed between the selected solar project developers and the Defence Establishments, where land is located. The developer will sell the power to the Defence Establishments. Surplus power, if any, may be sold directly to the Discoms by the developer or the Defence Organization may buy the entire power and sell the surplus power to Discoms at its end.

Para 3: Detailed procedure under Developer Mode: (b) Page No-7	It is proposed to provide a Viability Gap Funding with a view to make available solar power from these solar power projects at a pre-determined fixed tariff of Rs.5.50 per unit (Rs.4.75 per unit in case of projects availing benefit of accelerated depreciation) at the project boundary or inter connection point as may be specified in the guidelines.	It is proposed to provide a Viability Gap Funding with a view to make available solar power from these solar power projects at a pre-determined fixed tariff of Rs.4.50 per unit at the project boundary or inter connection point as may be specified in the guidelines.
Para 3: Detailed procedure under Developer Mode: (c) Page No-7	<p>The solar project developers will be provided a viability gap fund based on their bid. The bidders will be selected on the basis of bids for minimum VGF requirement for the project with commitment to supply solar power at fixed tariff as given above. In view of technological up-gradation and economies of scales, the upper limits of VGF are as follows:-</p> <p>Category-I: Rs.2.5 Cr./MW for project capacity upto 5 MW; Category-II: Rs. 2 Cr./MW for project capacity greater than 5 MW and upto 25 MW; and Category-III: Rs. 1.5 Cr./MW for project capacity greater than 25 MW.</p> <p>The category in which a particular project falls will be determined based on the Alternating Current (AC) Capacity of the project and on the basis of contiguity of geographical location.</p>	<p>The solar project developers will be provided a viability gap fund based on their bid. The bidders will be selected on the basis of bids for minimum VGF requirement for the project with commitment to supply solar power at fixed tariff as given above. In view of technological up-gradation and economies of scales, the upper limits of VGF is as follows:-</p> <p>Rs 1.1 Cr/MW for all projects irrespective of sizes for which tenders have not yet been brought out.</p> <p>The capacity of the project will be determined based on the Alternating Current (AC) Capacity of the project and on the basis of contiguity of geographical location.</p>
Para 3: Detailed procedure under EPC Mode: (b) Page No-9	In view of technological up-gradation and economies of scales VGF will be paid at a fixed rate of 30% of the price of the project, excluding price of land and excluding O&M charges, or Rs.2.5 Cr./MW, whichever is lower, for capacity upto 5 MW; Rs.2.0 Cr./MW for capacity greater than 5 MW and upto 25 MW; and Rs. 1.5 Cr./MW for capacity greater than 25 MW. In case of a project avails benefit of Accelerated Depreciation, the VGF shall be limited to Rs.1.5 Cr./MW, Rs. 1.0 Cr./MW and Rs. 0.5 Cr./MW respectively for capacities as mentioned above. The project will then belong to the Defence Establishment and therefore there is no need to set a tariff unless the organization wants to have a separate account for power generation.	In view of technological up-gradation and economies of scales VGF will be paid at a fixed rate of 30% of the cost of the project, excluding price of land and excluding O&M charges, or Rs.1.1 Cr./MW, whichever is lower, for all projects irrespective of sizes for which tenders have not yet been brought out. The project will then belong to the Defence Establishment and therefore there is no need to set a tariff unless the organization wants to have a separate account for power generation.

Para 4: Domestic Content Requirement (DCR) (a) Page No-9	The entire capacity of 300 MW will be kept for bidding in phases, with Domestic Content Requirement (DCR). Under DCR, the solar cells and modules used in the solar PV power plants must both be made in India as per specification and testing requirement fixed by MNRE. MNRE will issue guidelines covering DCR and technical requirements and other salient issues.	The capacity under EPC mode of the scheme will use solar cells and modules in the solar PV power plants made in India as per specification and testing requirement fixed by MNRE. The projects under developer mode will be free to procure solar cells/modules under open category (indigenous or imported).
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2. The amendments made herein above in the provisions of the scheme will also be applicable to administrative approval of even no. dated 7th January, 2015. The other terms & condition and provisions as mentioned in the administrative approval of even no dated 7th January, 2015 and in the aforesaid scheme for setting up over 300 MW of Grid-connected & Off-grid Solar PV Power Projects by Defence establishments under Ministry of Defence and Para Military Forces (under MHA) would remain same.

3. The projects for which tenders have already been brought out will have these provisions as per administrative approval of even no. dated 07.01.2015.

4. The amendment made herein above shall come into force with immediate effect and this Addendum may be read as part of this Ministry's administrative approval dated 7th January, 2015.

5. This is issued with the approval of competent authority.


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To,

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Copy To,

- 1) PS to Hon'ble Minister
- 2) PSO to Secretary, MNRE
- 3) PS to JS&FA, MNRE
- 4) PA to Advisor (NSM)
- 5) Dir (tech), NIC for uploading in MNRE website
- 6) Cash Section
- 7) Hindi Section for Hindi version
- 8) Sanction Folder

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