

GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3760**  
ANSWERED ON 23.03.2023

**INVESTMENT INTO RENEWABLE ENERGY SECTOR**

3760. SHRI ANTO ANTONY  
SHRI BALUBHAU ALIAS SURESH NARAYAN DHANORKAR

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) whether there are payment security mechanisms to de-risk investment into renewable energy sector and if so, the details thereof;
- (b) whether it is a fact that new and renewable energy tenders have been under-subscribed due to rigid Government policies;
- (c) if so, the details of the measures taken/proposed to be taken by the Government to solve the said issue;
- (d) the measures taken to avoid delay in power purchase agreements and payment on commissioned plants; and
- (e) the measures being taken to assure the financial health of distribution companies (DISCOMs)?

**ANSWER**

**THE MINISTER OF NEW & RENEWABLE ENERGY AND POWER**

**(SHRI R.K. SINGH)**

(a) Major payment security mechanisms to de-risk investment in renewable energy inter-alia include:

- i) Letter of Credit (LC)
- ii) Payment Security Funds
- iii) Tri Partite Agreement (TPA) between Ministry of Power, RBI and State Government (if applicable)

These instruments are invoked in case of delays/default in payment to Renewable Energy Generating Companies and have been further strengthened by the notification of the Late Payment Surcharge Rules, 2022.

(b) to (c) Solar Energy Corporation of India Ltd. a PSU under MNRE has conducted multiple bids under various tranches under Solar, Wind, hybrid and special configuration bids for RE projects and the tenders have largely been well subscribed.

(d) The Solar Energy Corporation pursues with the States for signing of power purchase agreements. Similarly, measures have been undertaken to ensure timely payment to commissioned plants, including notification of the Late Payment Surcharge Rules, 2022, clauses for letter of credit and provisioning of payment security funds under standard bidding guidelines, and invocation of tripartite agreement (TPA) between Ministry of Power, RBI and State Governments.

(e) Government of India have been implementing various performance linked and result oriented schemes, with the objective to have a financially secure, viable and sustainable power sector (distribution segment in particular). Various initiatives undertaken by Ministry of Power (MoP) includes Revamped Distribution Sector Scheme (RDSS), Electricity (Late Payment Surcharge and Related Matters) Rules 2022, Additional Borrowing space of 0.5% of GSDP to the States linked to power sector reforms, Corporate Governance Guidelines, Additional Prudential Norms for lending by Power Finance Corporation (PFC) Limited and Rural Electrification Corporation (REC) Limited, based on the performance of the utilities, Liquidity Infusion Scheme (LIS) and PM KUSUM Scheme. These initiatives have been designed to tackle financial and operational issues to bring in the desired financial discipline in Discoms and State Governments.

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