

**GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
LOKSABHA**

UNSTARRED QUESTION NO 1839

TO BE ANSWERED ON 28/11/2019

SOLAR PROJECTS

1839. SHRIMATI JYOTSNA CHARANDAS MAHANT
SHRI GURJEET SINGH AUJLA

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

- (a) whether the Government is considering norms to attract investors to set up solar projects;
- (b) if so, the details thereof;
- (c) whether it is a fact that various solar tenders have remained undersubscribed due to rigid policies of the Government; and
- (d) if so, the steps taken by the (Government to ease norms for establishing solar projects in the country?

ANSWER

THE MINISTER OF STATE (I/C) FOR NEW & RENEWABLE ENERGY, POWER and MoS for SKILL DEVELOPMENT AND ENTREPRENEURSHIP

(SHRI R. K. SINGH)

(a) & (b) The steps taken by the Government to attract investors to set up solar projects inter alia, include the following:

- (i) Announcement of a target of installing 175 GW of renewable energy capacity by December, 2022.
- (ii) Waiver of Inter State Transmission System (ISTS) charges and losses for inter-state sale of solar and wind power for projects to be commissioned up to December, 2022.
- (iii) Permitting Foreign Direct Investment (FDI) up to 100 percent under the automatic route.
- (iv) Notification of standard bidding guidelines to enable distribution licensee to procure solar and wind power at competitive rates in cost effective and transparent manner.
- (v) Declaration of trajectory for Renewable Purchase Obligation (RPO) up to year 2022.
- (vi) Implementation of Green Energy Corridor project to facilitate grid interaction of large scale renewable energy capacity addition.
- (vii) Notification of standard for deployment of solar photovoltaic system/devices.
- (viii) Launch of New scheme for farmers, CPSU Scheme Phase II and Solar Rooftop Phase II program.

(c) The participation of bidders in tenders for solar power projects has over the time been very encouraging with some tenders attracting bids of more than ten times the capacity to be allotted. However, in past few months, some solar tenders, have remained undersubscribed, which may be due to various reasons like delays in payments by distribution companies in

some States, delays in adoption of tariffs by concerned State Electricity Regulatory Commissions, and reopening of contracts by State Government of Andhra Pradesh, etc.

(d) In order to address the issues of delayed payments by distribution companies to solar power generators, the Government through Ministry of Power's Order No. 23/22/2019-R&R dated 28.06.2019 has made it mandatory for the Distribution Licensees to open and maintain adequate Letters of Credit (LCs) as Payment Security Mechanism under Power Purchase Agreements by Distribution Licensees.

Further, in order to strengthen the contractual provisions in the Contract (Power Purchase Agreement) between the solar power generators and the Procurers, and to facilitate setting up of solar power projects, the Government, vide notification dated 22.10.2019 of the Ministry of New & Renewable Energy, has made following major amendments to the 'Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects:

(i) Solar Power Generators have been allowed to submit documents/Lease Agreement to establish possession/right to use 100% (hundred per cent) of the required land in the name of the Solar Power Generator for a period not less than the complete term of the PPA, on or before the Scheduled Commissioning Date (SCD).

(ii) Clear and elaborate provisions for time extension and compensation to affected party in the event of natural and non-Natural Force Majeure events with specific provisions regarding termination due to natural and non-natural Force Majeure events have been included.

(iii) Quantum of Compensation for back-down has been increased from 50 % to 100% with provision for recognition of only written instructions of back-down and payment of back-down compensation.

(iv) Deemed adoption of Tariff by Appropriate Electricity Regulatory Commission, if the same does not decide upon it within sixty days of application.

(v) Corresponding Time Extension in date for achievement of financial closure and scheduled commissioning date, in case there is a delay in adoption of tariff by the concerned Electricity Regulatory Commission beyond a period of 60 days from the filing of such application.
