

**Solar Energy Corporation of India Ltd.**

No. SECI/SOLAR/OFBA/RfS/Clarifications-01

dated 28.01.2016

**Clarifications against RfS for setting up of 2 MW solar PV project at Ordnance Factory, Bhandara (RfS No. SECI/SOLAR/SPV/OFBA/RfS/122015 dated 22.12.2015)**

S. no.	Category	Clause Description	Query	SECI's reply
1	Land related	The Land for the Project will be made available to the Project developer on as-is where-is basis ,by OFBA through Right-to-Use mechanism.The rent of the land identified is fixed at Rs. 29.20/sq.mtr/annum.	Land should be made available to the project developer on as-is where-is basis, by OFBA through Right-to-Use mechanism on non-chargeable basis.Reason: Since land charges are high and like other SECI tenders there should be no charges.Please share Clear Project Layouts (Land & Pooling Substation), AutoCad Drawings and Soil and Contour Survey Reports & also specify land area for setting up of 2 MW Project.	Tender conditions will prevail. The details pertaining to the land identified for the project have been uploaded as part of the amendment to the RfS.
2		The Land for the Project will be made available to the Project developer on as-is where-is basis ,by OFBA through Right-to-Use mechanism.The rent of the land identified is fixed at Rs. 29.20/sq.mtr/annum.	Please share draft of land agreement to be signed and this land use agreement must incorporate following points as required by project lender :- (i) Right to substitution- Lending institution shall have the right to substitute the developer for land use permission during the loan period. SECI/OFBA shall have no objection in assignment of its rights under this agreement to developer/project lenders or any of their assignees thereof. Project lender or any party/official nominated by them will have free access to the project site. (ii) Right to Use- SECI/OFBA has agreed to allow use of land at OFBA for setting up of 2 MW solar power project.	To be uploaded shortly
3			We request SECI to clarify that who will be responsible for providing the Right of way for putting in the transmission line for the project.	As per the proposed location of the project, there would be no Right of Way permissions to be taken, as the land belongs to OFBA.
4	Commercial	The successful SPD shall have to demonstrate /infuse capital in the form of his own Equity for an amount of at least Rs.1.5 Cr/MW. The remaining amount can be raised as loan from any source by	Same as in SECI latest tenders, equity infusion should be at the time of financial closure instead at the time of signing PPA and should reduce from 1.5 Cr/MW to 1.2 Cr/MW.	Tender conditions will prevail.
5		The Project shall achieve Financial Closure within 03 months from the date of signing Power Purchase Agreement (PPA).	The Project shall achieve Financial closure within 3 months from signing of land use agreement & providing clear, unincumbered possession of land to SPD whichever is later.	Since no delay in signing of Land Use agreement is anticipated from OFBA side,Tender conditions will prevail
6		"Financial Closure or Project Financing Arrangements" means arrangement of necessary funds by the Solar Project Developer either by way of commitment of funds by the Company from its internal resources and/or tie up of funds through a bank / financial institution by way of sanction of a loan or letter agreeing to finance	Please confirm that commitment of funds by the company from its internal resources can be utilized for achieving Financial Closure.Reason:- Getting loan sanction from government bank can take more than 3 months time.	Yes the provisions already exist for the same. However documents should satisfy that such funds are available in the company or can accrue during this period.
7		Financial Requirements for Selected Projects The SPD shall have to demonstrate/ infuse an Equity amount of at least Rs. 3.0 Crores at the time of signing of PPA with OFBA. To demonstrate availability/infusion of equity mentioned above, copies of annual audited accounts of the last financial year i.e., 2014-15 with certified copy of Balance sheet, Profit & Loss account, Schedules and cash flow statements certified by a Chartered Accountant and supported with bank statements are required to be submitted at the time of signing of PPA.	We request SECI to clarify that does the SPD need to submit any documents at the time of submission of the bid or are all documents required at the time of signing of PPA. We also request SECI to please allow the submission of the Bank statements as on the date of signing the PPA or submission of the bid and not as of 31st March 2015 as we are already in the fourth quarter of the 2015-16 financial year and many companies have raised significant capital since March 2015.	Documents pertaining to demonstration/infusion of Equity amount as indicated in the RfS, shall be required to be submitted by the SPD at the time of signing of PPA. Further, the copy of Balance sheet, Profit & Loss account, Schedules and cash flow statements certified by a Chartered Accountant and supported with bank statements as on the 7 days prior to signing of PPA will also be accepted

8	<b>Interconnection</b>	The project shall be commissioned within 6 months from the date of signing of PPA. In this regard, a duly constituted committee will physically inspect and certify successful	The project shall be commissioned within 6 months from signing of land use agreement & providing clear, unincumbered possession of land to SPD whichever is later.	Tender conditions will prevail
9	<b>General</b>	a. The Detailed technical parameters for Solar PV Projects to be met by SPDs are at Annexure – B. The Bidders shall strictly comply with the technical parameters detailed in the Annexure-B to make the Project technically eligible. b. The Projects shall also comply with the criteria for power generation detailed in Clause 3.12	We request SECI to confirm that there is no other experience based technical eligibility criteria for the tender	There are no other eligibility criteria apart from the ones indicated in the Clause 3.8
10		One of the important objectives of the National Solar Mission is to promote domestic manufacturing. In view of this, for Projects to be implemented under this RfS, both the solar cells and modules used in the Solar Power Projects must be made in India.	We request SECI to limit the Domestic content requirement to Indian modules only as there are only a handful of reputed companies who use Indian cells in their modules and do not have a good performance track record.	Tender conditions will prevail
11		The SPD will declare the annual CUF of the Project at the time of commissioning and will be allowed to revise the same within 1 year of commissioning. The declared annual CUF shall in no case be less than 19% over a year. SPD shall maintain generation so as to achieve annual CUF within + 10% and -15% of the declared value till the end of 10 years from COD subject to the annual CUF remaining minimum of 15% and within +10% and -20% of the declared value of the annual CUF thereafter till the end of the PPA duration of 25 years.	Solar power generation depends on the amount of irradiation incident on the solar panels. The irradiation cycles have a yearly variation of 10%-15%. So a case may arise that the units generated by the plant are low in a particular year due to factors which are not attributable to the developer. Hence we request SECI to reduce the minimum PLF requirement to 18% and also provide for a degradation adjustment factor allowing for a 2.5% degradation in the first year and 0.8% on each year after the first.	Tender conditions will prevail
12			Since the Tender process is conducted by SECI itself; so we request SECI to remove the provision for assigning the EMD to any other party since it is not required.	Accepted. The Format for EMD has been amended accordingly
13	<b>PPA</b>	Any excess generation 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 the Discoms at its end	Please share connected load and energy consumption details of OFBA & confirm all solar power generated within the CUF range described in tender should be consumed by OFBA, if this is not the case, SECI should facilitate signing of PPA with discom instead of with OFBA.	For avoidance of any doubt, it is hereby clarified that OFBA shall be liable to pay to the SPD for the energy injected upto the limits indicated in the PPA with the SPD. For any generation beyond the maximum limits indicated in the PPA, the excess power may be sold by the SPD to any third party, if refused by OFBA. SECI shall not facilitate in signing of any agreements for the sale of this excess power beyond the units indicated in the PPA
14		"Delivery / Inter-connection / Metering Point"-All charges and losses related to Transmission of power from project up to delivery point (including but not limited to open access, transmission, wheeling, Unscheduled Interchange, Scheduling, Reactive power etc.) as notified by the competent authority / regulator up to the Delivery Point shall be borne by the SPD and beyond the Delivery Point all charges and losses (including but not limited to Demand and Usage Charges, open access, transmission, wheeling, etc.) as notified by the competent authority / regulator from time to time shall be borne by the Buying Utilities.	Please confirm there will be no transmission charges payable by SPD. Please amend draft PPA accordingly.	Since the power is not wheeled through the grid, no transmission charges are payable by the developer for supply to OFBA. Direct injection from the project to the common bus bar of OFBA is envisaged
15	<b>VGFS</b>	First tranche of 50% of VGFS shall be released on successful COD of the full Project Capacity. Balance 50% shall be released progressively over next five (5) years in five equal installments of 10% of the each; subject to plant meeting generation requirements (as per Clause 2.2 (c))	Please amend this clause as follows:-First tranche of 50% of VGFS shall be released within 1 month of COD of the full Project Capacity. Balance 50% shall be released progressively over next 5 years within 1 month of completion of the same.	Tender conditions will prevail

**Clarification regarding the bidding and reverse auction procedure**

The Clause 1.3.2 of the RfS document has been amended and as per the amended Clause, bidders willing to avail the benefit of AD shall not be eligible for any VGF. In view of the above, it is reiterated that in case the bidder chooses to avail the benefits of AD, he shall not be eligible to quote VGF. Any VGF quoted by such bidders shall lead to rejection of the bids. The bidder shall have to opt to quote a discounted tariff, which shall be necessarily less than or equal to Rs. 4.75/kWh. Any deviation from the above shall lead to rejection of the bid.

During the shortlisting of bidders for e-reverse auction on the basis of the financial bids opened, bids irrespective of whether opting for AD or not, will be ranked as per Clause 4.2.B.vi. As indicated in Clause 4.2.B.vi) of the RfS, priority shall be given to the discounted tariff bids quoted over the VGF bids.

**e-Reverse Auction illustration: Considering a sample e-reverse auction process which results in the final three scenarios upon culmination of the auctioning**

Bidder	Scenario-1	Scenario-2	Scenario-3
B1	INR 5.26 (Non AD, discounted tariff)	INR 5.26 (Non AD, discounted tariff)	INR 4.50 (non-AD, discounted tariff)
B2	INR 5.30 (Non AD, discounted tariff)	INR 4.75 (Non AD, discounted tariff)	INR 5.18 (Non-AD, discounted tariff)
...	...	...	...
...	...	...	...
Bn-1	INR 53,00,000/- (Non AD, VGF)	INR 0/- (zero VGF/AD)	INR 5.41 (Non-AD, discounted tariff)
Bn	INR 70,00,000/- (Non AD, VGF)	INR 20,00,000/- (VGF)	INR 4.42 (AD, discounted tariff)

**Winner: B1**

**Winner: B2**

**Winner: Bn**

It may be noted that during the actual e-reverse auction process, the option of AD/Non-AD shall not be displayed to the bidders. During the reverse auction, the bidders shall have to beat the lowest price (L1) at any instant to win the project. It can be observed from the above illustration that the auction shall be conducted irrespective of the option of AD/Non-AD chosen by the bidders. Therefore, in case of the bidders quoting a tariff lower than Rs.4.75/unit, it is immaterial whether the bidder has opted for AD or not. It is very important to note that the choice regarding AD in the initial Financial Bid in Electronic Form filled by the bidder, indicates his option of AD/Non-AD and therefore, the bidder has to choose between VGF and discounted tariff option appropriately at this stage, as indicated above.