



To,
Director,
Indian Institute of Information Technology, Design and Manufacturing,
Dumna Airport Road, Dumna,
Jabalpur, Madhya Pradesh- 482005.

Sub: Signing of PPA under RfP issued for deployment of Grid Connected Solar Photovoltaic Power Plant under "RESCO" model.

Under the purview of Department of New and Renewable Energy, MP Urja Vikas Nigam Ltd. had issued Request for Proposal (RfP) for deployment of 35 MW Grid Connected Solar Photovoltaic (SPV) Power Plants under Renewable Energy Service Company (RESCO) model for various Government /Semi Government buildings and Private Institutional Sector. In the RfP, your institute was identified and selected for installation of SPV Power Plant of 500 kW capacity, as a part of "Group C", which had various Institutions of Central Government/National Importance, with total capacity of 5.170 MW and was issued under RfP No. MPUVN/GCRT-RESCO 2017-18/1692 dated 26.07.2017. The Project has provision of Central and State Government subsidy. The subsidy sanctioned for solar rooftop projects in your Institution is as per the following basis:-

- | | | |
|---|---|-------------------|
| a) Capacity of the system | = | 500 kW |
| b) Benchmark cost | = | Rs. 53,000 per kW |
| c) Subsidy eligibility | = | 43% |
| d) Total Subsidy applicable = a x b x c | = | Rs. 1,13,95,000 |

In case the capacity changes, the subsidy would be modified accordingly.

- It is a matter of extreme pleasure to inform you that, in this RfP, the lowest rate per unit of electricity generated from solar power plant (tariff) discovered for "Group C", which includes your project, is Rs. 1.6700. This rate is offered by M/s. AMPSOLAR India Pvt. Ltd., New Delhi. Such a phenomenal discovery of tariff could be achieved with Technical Assistance from World Bank and International Solar Alliance, through which various innovations were introduced in the RfP to facilitate developers for quoting the most competitive rates.
- Due to the developments on account of the imposition of Safeguard Duty on the tariff discovered (as brought out in Annexure-I), the tariff would be increased by 5.2% to Rs 1.7568 per unit, if the project is completed till 29.10.2019, or by 4.16% to Rs. 1.7395 per unit if the project is completed between 30.10.2019 and 29.04.2020, or by 3.12% to Rs. 1.7221 per unit if the project is completed between 30.04.2020 and 29.10.2020. If the project is completed after 29.10.2020, the quoted tariff without any adjustments would be applicable. You would be required to execute a Power Purchase Agreement (PPA) with the developer on the revised applicable tariff as explained above.

4. As per the terms of RfP, the above tariff will increase by 3% every year and thus almost double at the end of project life of 25 years. Annexure- I of the PPA (soft copy attached) and Annexure-II of this letter mention the tariff for respective years in all the situations mentioned in above para-3. In this connection, it might be relevant to see the definition of "First Operational Year" and "Year" in article-1 of the PPA.
5. After signing of the PPA, the developer shall be required to undertake detailed survey of the site and may suggest, if required, change in the proposed capacity. After your consent on the same, revised order shall be issued by MPUVNL.
6. For timely implementation, you are requested to execute signing of the PPA at the earliest. The Selected Bidder M/s AMPSOLAR India Pvt. Ltd. has constituted a Special Purpose Vehicle (SPV), namely, M/s AMPSOLAR RENEWABLE ENERGY PVT. LTD., to execute projects won by them under this RfP in Madhya Pradesh, and the PPA would be executed by this SPV. You may nominate an officer of your institution to sign the PPA on behalf of the institution.

Kindly convey your confirmation as soon as possible.

Regards,

(Manu Srivastava)

Principal Secretary

ANNEXURE-I

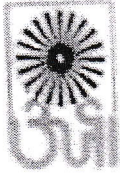
1. To protect the interest of domestic industry, Ministry of Finance, Government of India imposed 25% safeguard duty on import of Solar Cells on 30.07.2018. Hon'ble High Court of Odisha vide order dated 23.07.2018 stayed this imposition of Safeguard duty.
2. Since the Safeguard Duty was not effective on the 35MW RESCO tender bid submission date of 23.08.2018, it was felt appropriate to clarify to the bidders before the bid submission about the impact of the expected imposition of this Duty on the tariff. A corrigendum to this effect and "Frequently Asked Questions" (FAQ) were issued (both are enclosed), wherein it is clarified that, in event of imposition of safeguard duty on solar cells at the rate of 25% after the bid due date, the tariff would be increased by 5.2%.
3. Hon'ble Supreme Court of India vide its order dated 10.09.2018 (after the last date of submission of financial bids for this RfP on 23.08.2018) stayed the interim order of the Hon'ble High Court of Odisha. This has made Safeguard duty effective now. This qualifies under "Change of Law" as per clause 3.29 of RfP and clause no. 19.18.3 of PPA.
4. The Safeguard duty Notification No. 01/2018-Customs (SG) dated 30th July 2018 states as follows:

"...Directorate General of Trade Remedies and subject to the provisions of paragraph 2, hereby imposes on subject goods falling under heading 8541 or tariff item 8541 40 11 of the First Schedule to the Customs Tariff Act, when imported into India, a safeguard duty at the following rate, namely:-

(a) twenty five per cent. ad valorem minus anti-dumping duty payable, if any, when imported during the period from 30th July, 2018 to 29th July, 2019 (both days inclusive);

(b) twenty per cent. ad valorem minus anti-dumping duty payable, if any, when imported during the period from 30th July, 2019 to 29th January, 2020 (both days inclusive); and

(c) fifteen per cent. ad valorem minus anti-dumping duty payable, if any, when imported during the period from 30th January, 2020 to 29th July, 2020 (both days inclusive)."
5. In clause 3.29 of RfP and clause no. 19.18.3 of PPA, it is envisaged that it would take a minimum of three months from the import of Solar Cells till Completion of the project (as defined in Article 5.2.2 of PPA). Accordingly, the revision in tariffs is considered based on the Date of Completion occurring within 3 months of the date when the rate for safeguard duty changes.
6. Due to the developments on account of the imposition of Safeguard Duty on the tariff discovered as brought out above, the tariff would be increased by 5.2% to Rs. 1.7568 per unit, if the project is completed till 29.10.2019, or by 4.16% to Rs. 1.7395 per unit if the project is completed between 30.10.2019 and 29.04.2020, or by 3.12% to Rs. 1.7221 per unit if the project is completed between 30.04.2020 and 29.10.2020. If the project is completed after 29.10.2020, the quoted tariff without any adjustments would be applicable.



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Website: www.mprenewable.nic.in

RFP No: MPUVN/GCRT-RESCO 2017-18/1692/941

BHOPAL, Dated 14-08-2018

Sub:-Corrigendum/Addendum in RESCO RFP and PPA

Ref: 1. RFP No. MPUVN/GCRT-RESCO 2017-18/1692
2. Corrigendum to RFP and PPA issued on 02-08-2018
3. Corrigendum to RFP and PPA issued on 10-08-2018

We have received queries from a number of prospective bidders on the recent notification of safeguard duty and its implications on the upcoming MP's Resco tender. To clarify the doubts of bidders we are issuing the following corrigendum/addendum with regards to change in law (including safeguard duty).

Corrigendum 1: RfP Clause 3.29: TAXES AND DUTIES:

The Financial Bid should include all taxes and duties etc., if any. Power Producer shall be entirely responsible for all taxes, duties, license fees, etc. All taxes payable shall be payable by the Power Producer. However, if any new change in tax/duty and cess is effected in the period after the **Financial Bid Submission Deadline** and any time during the period of Agreement, the same will be passed on by the Power Producer to the Procurer as determined by the Competent Authority.

To evaluate impact of any change of laws in future, the rates applicable for each component shall be considered as:-

- **Material Component in the capital cost - 80% of the Benchmark capital cost as notified by MNRE vide notification no. 318/38/2018-GCRT dated June 15, 2018. This will include the cost of Solar Cells as 26% of the above referred benchmark capital cost**
- **Erection, Installation and Commissioning (I&C) component- 20% of the Benchmark capital cost and**
- **Yearly operational cost will be considered as 3% of the benchmark capital cost**

The Quoted Tariff would be adjusted as below based on the variations in the capital cost and operational cost on account of change in taxes. Adjustment shall be allowed only if the extent of variation in taxes is beyond the deviations specified in table below:

	Variation due to change in taxes	Proportionate adjustments to the tariff	Effective timelines
Capital Cost (Adjustments will be considered only if the change is more than 2.5%)	$\pm X \%$	$\pm 0.8 X \%$	If the relevant change is notified after Financial Bid Submission Deadline till 3 months prior to the Scheduled Completion Date as per the terms of PPA
Operational Cost (Adjustments will be made only if change is more than 5%)	$\pm Y \%$	$\pm 0.1 Y \%$	If the relevant change is notified after Financial Bid Submission Deadline, adjustment in tariff shall be provided till the time such change is in force.

Corrigendum 2: PPA Clause 18.18.3:

The **Financial Bid** should include all taxes and duties etc., if any. **Power Producer shall be entirely responsible for all taxes, duties, license fees, etc. All taxes payable shall be payable by the Power Producer.** However, if any new change in tax/duty **and cess** is effected in the period after the **Financial Bid Submission Deadline and** any time during the period of Agreement, the same will be passed on by the Power Producer to the Procurer as determined by the Competent Authority.

To **evaluate** impact of any change of laws in future, the rates applicable for each component shall be considered as:-

- Material Component **in the capital cost** - 80% of the Benchmark **capital cost as notified by MNRE vide notification no. 318/38/2018-GCRT dated June 15, 2018. This will include the cost of Solar Cells as 26% of the above referred benchmark capital cost**
- Erection, Installation and Commissioning (I&C) component- 20% of the Benchmark **capital cost** and
- Yearly operational cost will be considered as 3% of the **benchmark capital cost**

The Quoted Tariff would be adjusted as below based on the variations in the capital cost and operational cost on account of change in taxes. Adjustment shall be allowed only if the extent of variation in taxes is beyond the deviations specified in table below:

	Variation due to change in taxes	Proportionate adjustments to the tariff	Effective timelines
Capital Cost (Adjustments will be considered only if the change is more than 2.5%)	$\pm X \%$	$\pm 0.8 X\%$	If the relevant change is notified after Financial Bid Submission Deadline till 3 months prior to the Scheduled Completion Date as per the terms of PPA
Operational Cost (Adjustments will be made only if change is more than 5%)	$\pm Y \%$	$\pm 0.1 Y \%$	If the relevant change is notified after Financial Bid Submission Deadline, adjustment in tariff shall be provided till the time such change is in force.

Probable Impact of Safeguard duty on solar cells

Reference: RFP No. MPUVN/GCRT-RESCO 2017-18/1692 dated 26/07/2017

Many bidders have raised queries regarding the methodology which could be adopted to assess the impact of Safeguard Duty on the tariff being invited through MPUVNL's RESCO tender.

FAQ – I have bid for a 100kW system and assuming I win the project and Safeguard Duty of 25% is imposed after the bid submission deadline, how does the RFP and the PPA account for this variation in capital cost and pass it on in the tariff?

Answer –

The impact of any changes in taxes and duties has been addressed in RFP Clause 3.29: TAXES AND DUTIES and PPA Clause 18.18.3. The impact of variation in capital cost maybe calculated as below –

Calculation -

Benchmark cost of 100kW system = Rs 55, 00, 000

Applicable tariff for the year = Rs Y/kWh

Approximate Cost component of solar cell in the capital cost = $26\% \times 55, 00,000 = \text{Rs } 14, 30,000$

Increase in cost of solar cell as a result of Safeguard Duty = $25\% \times 14, 30,000 = \text{Rs } 3, 57,500$

% increase in the above cost when compared to benchmark cost = $3, 57, 500 / 55, 00,000 = 6.5\%$

Since the above variation is more than 2.5% threshold as allowed in the RFP and PPA, increment of 6.5% will be considered for tariff adjustment due to change in Capital Cost.

% Adjustment in tariff due to change in capital cost = $6.5\% \times 80\% = 5.20\%$

Adjustment in tariff due to change in capital cost (Rs/kWh) = $5.2\% \times Y$

This adjustment in tariff because of change in capital cost will be given till three months prior to the Scheduled Commissioning Date of the project as provided in the PPA.

ANNEXURE- II

Revised Tariff based on the Date of Completion for the projects under Group-C

Operational Year	Tariff Schedule- I Quoted Tariff (Rs./kWh)	Tariff Schedule- II for Project Completion on/before 29 th Oct-2019 (Rs./kWh)	Tariff Schedule- III for Project Completion after 29 th Oct-2019 and on/before 29 th Apr-2020 (Rs./kWh)	Tariff Schedule- IV for Project Completion after 29 th Apr-2020 and on/before 29 th Oct-2020 (Rs./kWh)	Tariff Schedule- I for Project Completion after 29 th Oct-2020 (Rs./kWh)
1	1.6700	1.7568	1.7395	1.7221	1.6700
2	1.7201	1.8095	1.7917	1.7738	1.7201
3	1.7717	1.8638	1.8454	1.8270	1.7717
4	1.8249	1.9197	1.9008	1.8818	1.8249
5	1.8796	1.9773	1.9578	1.9382	1.8796
6	1.9360	2.0367	2.0165	1.9964	1.9360
7	1.9941	2.0978	2.0770	2.0563	1.9941
8	2.0539	2.1607	2.1393	2.1180	2.0539
9	2.1155	2.2255	2.2035	2.1815	2.1155
10	2.1790	2.2923	2.2696	2.2470	2.1790
11	2.2443	2.3610	2.3377	2.3144	2.2443
12	2.3117	2.4319	2.4078	2.3838	2.3117
13	2.3810	2.5048	2.4801	2.4553	2.3810
14	2.4525	2.5800	2.5545	2.5290	2.4525
15	2.5260	2.6574	2.6311	2.6048	2.5260
16	2.6018	2.7371	2.7100	2.6830	2.6018
17	2.6799	2.8192	2.7913	2.7635	2.6799
18	2.7603	2.9038	2.8751	2.8464	2.7603
19	2.8431	2.9909	2.9613	2.9318	2.8431
20	2.9284	3.0806	3.0502	3.0197	2.9284
21	3.0162	3.1730	3.1417	3.1103	3.0162
22	3.1067	3.2682	3.2359	3.2036	3.1067
23	3.1999	3.3663	3.3330	3.2997	3.1999
24	3.2959	3.4673	3.4330	3.3987	3.2959
25	3.3948	3.5713	3.5360	3.5007	3.3948