

**Guidelines for Migration of Existing Under Development Grid Connected
Solar Projects from Existing Arrangements to the Jawaharlal Nehru National
Solar Mission (JNNSM)**

1. Preamble

The objective of the Jawaharlal Nehru National Solar Mission (JNNSM) under the brand '**Solar India**' is to establish India as a global leader in solar energy, by creating the policy conditions for its diffusion across the country as quickly as possible. The Mission stipulates the target under the 3 phases (first phase upto 2012-13, second phase from 2013-2017 and third phase from 2017-2022) for various solar application segments including Utility grid solar power.

In order to facilitate grid connected solar power generation, a mechanism of bundling solar power with power from the cheaper unallocated quota of NTPC coal based stations and selling this power to Distribution Utilities at the CERC determined price, has been proposed in the JNNSM. In this regard, JNNSM stipulates that NTPC Vidyut Vyapar Nigam Ltd. (NVVN) will be designated as a Nodal Agency for entering into a Power Purchase Agreement (PPA) with Solar Power Generation Project Developers who will be setting up Solar Projects during the next three years, i.e., before March 2013 and are connected to the grid at voltage level of 33 kV and above. For each MW installed capacity of solar power for which PPA is signed by NVVN, Ministry of Power (MoP) shall allocate to NVVN an equivalent amount of MW capacity from the unallocated quota of NTPC coal based stations and NVVN will supply this bundled power to the Distribution Utilities.

Considering the fact that some of the grid connected solar power projects are at various stages of development, it is important that the projects that have made progress may be considered for migration from their respective existing arrangements to the ones envisaged under JNNSM, subject to the consent of the Distribution Utility/ State Government and willingness of the developer.

The specific objectives of these guidelines are as follows:

1. To facilitate quick start up of the JNNSM
2. Ensure serious participation for projects to be selected under JNNSM
3. Facilitate speedier implementation of the projects under advanced stage of development.
4. Enhance confidence in the Project Developers.

2. Scope of the Guidelines

- 2.1. The scope of these guidelines is limited to the migration of existing under development grid connected solar project projects from their existing arrangements to JNNSM. These guidelines are not applicable for the projects, which have already been commissioned on or before November 19, 2009.
- 2.2. The guidelines for new solar projects to be selected under JNNSM will be issued separately.

3. Eligibility Criteria for the Projects

The Projects satisfying the conditions as specified below will be considered for migration from the existing arrangements to JNNSM.

3.1. Execution of Power Purchase Agreement and Determination of Tariff:

On or before November 19, 2009, the Project Developer should have signed a Power Purchase Agreement for sale of entire power to any Distribution Utility with approved tariff or the Project Developer should have filed a Petition alongwith Power Purchase Agreement for determination of tariff with the concerned Electricity Regulatory Commission (ERC).

The Project Developer satisfying the condition specified at 3.1 above shall submit the details of its Project for migration to NVVN not later than February 26, 2010. While submitting the details of its Project, the Project Developer shall also submit the concurrence of the Distribution Utility /State Government for migration of the Project from the existing arrangement to JNNSM. The Project Developer shall obtain the confirmation from the concerned Distribution Utility that they are agreeable to purchase the entire power from the solar power plant through NVVN.

NVVN shall sign the Memorandum of Understanding (MoU) with the Project Developer for development of the project and inclusion of the project in JNNSM.

3.2. Connectivity with the Grid

The plant should be designed for interconnection with the grid at the voltage level of 33 kV or above. Further, the interconnections should be at the grid substation and not the distribution substation. In this regard, the Project Developer shall submit a letter confirming connectivity to the grid substation from the State Transmission Utility (STU) alongwith its application to NVVN i.e. on or before February 26, 2010.

3.3. Land for the Project

The Project Developer should have ownership or lease hold rights (for at least 30 years) and taken possession of 100% of the area of the land required for the Project at the time of filing the application to NVVN i.e. on or before February 26, 2010. For this purpose, the land requirement shall be considered as 2 Hectares/MW. In all cases, the Project Developer shall furnish documentary evidence in the form of certificate by the concerned and competent revenue/registration authority for the acquisition/ownership/vesting of the land. This evidence shall be supported by a sworn affidavit from the developer listing the total land acquired for the power station.

3.4. Water Arrangement

In case of Solar Thermal Projects, the Project Developer should have made arrangements for water required for the Project. The project Developer shall submit the documentary evidence in the form of approval from the competent State/local authority for the quantity of water required for the power station alongwith its application to NVVN i.e. on or before February 26, 2010.

4. Contractual Arrangement between NVVN, Project Developer and the Distribution Utility

For eligible projects meeting the conditions stipulated in 3 above, a Memorandum of Understanding (MoU) will be signed between NVVN and the Project Developer identifying the broad roles and responsibilities of the Parties. Draft of the proposed Power Purchase Agreement between NVVN and the Project Developer will be shared by NVVN with the Project Developer at least fifteen days before the signing of MOU. Separate MoU shall be signed between

the Distribution Utility and NVVN for purchase of bundled power by Distribution Utility from NVVN.

Within 3 months of the date of signing of MoU, the Power Purchase Agreement will be executed between NVVN and the Project Developer for purchase of power from the project and the Power Sale Agreement will be executed between NVVN and Utility for supply of power from the project to the Distribution Utility on back-to-back basis.

5. Performance Guarantee

The Project Developer shall provide the Performance Guarantee to NVVN in the form of Bank Guarantee calculated on the basis of Rs 50 Lakh/MW of the total Project Capacity. 50% of the total Performance Guarantee shall be provided by the Project Developer before signing of MoU and balance 50% of the total Performance Guarantee shall be provided by the Project Developer before signing of PPA.

In case, NVVN offers to execute the PPA with the Project Developer and if the Project Developer refuses to execute the PPA within the stipulated time period, the Bank Guarantee shall be encashed by NVVN. In case of failure of NVVN to offer execution of PPA within three months of signing MOU, the Project Developer shall have the right to withdraw Bank Guarantee provided to NVVN and NVVN shall release the Bank Guarantee within seven days of the receipt of such request from the Project Developer.

These Bank Guarantees shall be valid for a period of fifteen months for PV Projects and thirty-one months for Solar Thermal Projects from the date of

signing of PPA. NVVN shall encash the Bank Guarantees, if the Project is not commissioned within the time period stipulated in the PPA.

6. Minimum Equity to be held by the Promoter

The Company developing the project shall provide the information about the Promoters and their shareholding in the company to NVVN indicating the controlling shareholding before signing of the MOU with NVVN.

No change in the controlling shareholding in the Company developing the Project shall be permitted from the date of signing of MoU till the execution of the PPA. However, in case the Project is being developed by a listed company, this condition will not be applicable.

After execution of PPA, the controlling shareholding in the Company developing the project shall be maintained up to a period of (3) three years after commencement of supply of power. Thereafter, any change can be undertaken under intimation to NVVN.

7. Financial Closure of the Project

The Project shall achieve financial closure within 3 months of the date of signing Power Purchase Agreement. No extension shall be granted for achieving this milestone.

If the project is not able to achieve the financial closure by the stipulated date, the Project shall be removed from the list of the projects eligible for migration with forfeiture of the entire BG. However, the Project shall be eligible to make application as a new project for inclusion in JNNSM as specified in the guidelines to be issued under Clause 2.2 of these guidelines.

8. Commissioning

In case of Solar PV, the Project shall be commissioned within 12 months of the date of signing of PPA while in case of Solar Thermal, the Project shall be commissioned within 28 months of the date of signing of PPA. In case of failure to achieve this milestone, NVVN shall encash the Bank Guarantee furnished by the Project Developer.

9. Procedure for migration of the project

The Project Developer shall submit an application along with the document as listed at Sl.No.11 to NVVN for consideration of its project for migration to JNNSM on or before February 26, 2010.

10. Time Schedule for the Process

Process of Migration of the Projects to JNNSM shall be carried out according to the timeline given below:

Sl.	Event	Date
1	Submission of application for migration to JNNSM	February 26, 2010 (Zero Date)
2	Announcement of the list of the projects eligible for migration	20 days from ZD
3	Signing of MOU	30 days from ZD
4	Signing of PPA	3 months from the Date of signing of MoU
5	Financial Closure of the Project	3 months from date of signing of PPA
6	Commissioning of the Project	From the date of signing

		of PPA
	PV	12 months
	Thermal	28 months

11. LIST OF DOCUMENTS TO BE SUBMITTED BY SOLAR DEVELOPERS FOR MIGRATION TO JNNSM

- i) Copy of duly executed PPA;
- ii) Copy of Tariff finalized, or proof of submission of tariff petition filed with SERC along with the copy of tariff petition;
- iii) Letter of State Govt. giving concurrence for migration from existing scheme to JNNSM;
- iv) Consent of Distribution Utility to purchase the entire Solar Power along with unallocated power through NVVN as per JNNSM;
- v) Letter from STU confirming connectivity with their grid substations at 33 kV and above indicating location of the substation;
- vi) Certificate from State Govt. Authority for registration of land or leasehold rights for setting up the plant;
- vii) Affidavit from project developer listing the total land acquired for the power project;
- viii) Letter from State/Local Authority for sanction of required water (in case of Solar Thermal Project).
- ix) Details of Promoter Shareholding duly certified by the Company Secretary;
- x) Detailed Project Report;
- xi) Environmental clearance from State Pollution Control Board.