

**283/20/2019-GRID SOLAR**  
Government of India  
**Ministry of New & Renewable Energy**  
(Grid Solar Power Division)

Block-14, C.G.O. Complex  
Lodi Road, New Delhi - 110003.

Dated: 03.07.2019

To:

1. **Chairman-cum-Managing Directors / Managing Directors of all Electricity Distribution Companies (DISCOMs) in Government Sector.**
2. **Managing Director, Solar Energy Corporation of India (SECI), 1st Floor, D-3, A Wing, Prius Platinum Building, District Centre, Saket, New Delhi-110 017, Tel: 011-71989201, Fax: 71989235, Email: md@seci.co.in**

**Sub: Scheme Modalities and Role of DISCOMS in MNRE's CPSU Scheme Phase-II/ Government Producer Scheme for 12,000 MW Solar PV Power Projects - reg:**

Sir,

1. Government of India, through Ministry of New & Renewable Energy (MNRE) has approved the implementation of CPSU Scheme Phase-II for setting up 12,000 MW grid-connected Solar Photovoltaic (PV) Power Projects by CPSUs/ State PSUs/ Government Organisations, with Viability Gap Funding (VGF) support for self-use or use by Government/ Government entities, either directly or through Distribution Companies (DISCOMS).
2. The salient points of the said Scheme are as under:
  - **12,000 MW Solar PV Power Projects to be set up by "Government Producers".**
  - **'Government Producer'** can be any entity which is either:
    - a) directly controlled by the Central or State Government or
    - b) is under the administrative control of Central or State Government or
    - c) a company in which Government is having more than 50% shareholding.
  - **Power Usage:** for self-use, or use by Government/Government entities, either directly or through DISCOMS.

- **Year wise allocation Targeted:**

2019-20	-	4000 MW
2020-21	-	4000 MW
2021-22	-	4000 MW

- To be set-up over 4 years (2019-20 to 2022-23).
- **Capacity Allocation:** By way of Bidding on VGF by SECI
- **Implementation Agency:** Solar Energy Corporation of India Limited (SECI)
- **Viability Gap Funding (VGF) :** Maximum Rs 0.7 Crs. /MW, to be decided through bidding
- **Usage Charge:**
  - Charges that can be collected for supplying power
  - To be mutually agreed between producing and consuming Government entities , subject to limit of **Rs 3.50/unit** (other charges like wheeling, transmission, Load Dispatch Centre charges, extra)
- **Domestic Content Requirement (DCR):** Both Solar cells & modules to be domestically manufactured

### 3. **Allocation Methodology:**

- SECI will invite bids from Government Producers
- Bidders will quote VGF requirement, within the ceiling VGF
- Allocation on bucket filling basis, based on lowest VGF requirement

### 4. **First SECI BID: 2000 MW**

- SECI has issued bid for 2000 MW solar PV projects under Tranche-I of this scheme
- As of now, Last Date of bid submission is 15.07.2019

5. **ROLE OF DISCOMS IN DIFFERENT SCENARIOS OF GENERATION AND CONSUMPTION OF POWER UNDER THE SCHEME:**

**Scenario - I: Govt Producers Consuming the Power themselves**

- Discoms to facilitate 'Open Access' to Government Producers intending to Use solar power generated by themselves through Open Access.

**Scenario - II: Govt Producers Supplying Power to other identified Government entities**

- Discoms to facilitate 'Open Access' to Government Producers intending to supply power to other identified government entities through open access

**Scenario - III: Govt. Producers Supplying Power to large pool of Unidentified Government entities through Discom**

- Discoms to facilitate supply of power by Govt. Producers to other user Government entities, by ensuring that the billing reflects "usage charges" not more than Rs 3.50/unit, in addition to other charges.
- Since in such cases, Government Consumers will also be consuming power from sources other than solar, Discoms can just add one line in their bills to the Government Consumers stating that *"this includes supply of power at usage charges of not more than Rs. 3.50/unit, in addition to other regulator mandated charges"*.

**Scenario - IV : PSU Discoms themselves become Government Producers**

**Case-1:**

- Power produced can be utilised for supply to other Government bodies or non-commercial sectors (that is where power is not sold) like agriculture, local urban bodies, etc.

**Case-2:**

- Discoms can supply power to Identified/unidentified government entities by ensuring that the billing reflects "usage charges" not more than Rs 3.50/unit.
- In this case also, since Government Consumers will also be consuming power from sources other than solar, Discoms can just add one line in their bills to the Government Consumers stating that *"this includes supply of power at usage charges of not more than Rs. 3.50/unit, in addition to other regulator mandated charges"*.

6. Considering the fact that most of the Discoms may not be comfortable in setting up the solar PV power plants under the Government Producer Scheme, as they might find it difficult to arrange upfront capital investment for setting up solar plants, following alternate methodology is suggested:

**Alternate methodologies for setting up of solar PV power plants by Discoms without investing upfront capital cost** (this methodology can even be deployed by other Government Producers interested to participate in the Scheme):

- DISCOMs bring in the CAPEX amount upfront, and set up the plant on their own or through EPC contractors
  
- **Alternatively**, where Capital Funds are scarce DISCOMs, may adopt a modified annuity model, which puts generation accountability on the EPC contractors, as follows:
  - **Bid :**
    - DISCOMS invite bids for design, construction and supply of Solar Power Generating Systems, with DCR --- (*Just like EPC*)
    - Successful bidder to also provide **Operation & Maintenance** for 25 years
    - **Land** and transmission also to be in the scope of the bidder.
    - Discoms would be the **Owner** of the Plant
  
  - **Evaluation:**
    - Bidder to quote total cost of (solar plant & its O&M)
    - Bidder to also quote min. generation/yr. for 25 yrs.
    - Bid with least cost per unit generation to be L1 bidder
  
  - **Payment:**
    - Total quoted cost to be paid in 12x25 equal monthly instalments, subject to following adjustments:
    - Any **increase** in generation from quoted min. annual generation would qualify for incentive payment at the rate of quoted and accepted cost per unit generation.

- Any decrease in generation from quoted min. annual generation would be liable for penalty at the rate of quoted and accepted cost per unit generation

7. This issues with the approval of Hon'ble Minister (Power &NRE)

Thanking you,

Yours Sincerely,



**(Ruchin Gupta)**

Director

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Copy for internal circulation to:

1. PS to Hon'ble Minister (Power & NRE),
2. Sr. PPS to Secretary, MNRE
3. PPS to AS, MNRE