



SOLAR POWER DEVELOPERS ASSOCIATION

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Shekhar Dutt, SM, IAS(Retd)
Director General, SPDA
Former Governor of Chhattisgarh State

Date - 18.07.2018

Ms. Rita Teaotia, IAS
Secretary to the Govt. of India
Department of Commerce
Ministry of Commerce & Industry
Chairperson, Standing Board on Safeguards
Udyog Bhawan
New Delhi-110011



Subject: Request for exemptions of on-going solar projects from the imposition of safeguard duty

Dear Madam Secretary,

This is with reference to the Final findings vide ref no F.NO 22/1/2018 dated 16.07.2018 issued by Directorate General of Trade Remedies (DGTR) recommending the imposition of 25 % safeguard duties on the import of solar cells and modules.

We believe that such recommendations on safeguard could jeopardise the availability of low cost energy to the consumers, making the investments of more than INR 1 Lac crore unviable and killing thousands of job created from the down-stream activities of solar power generation including the manufacturing sector.

As you know, energy is the most important inputs to the manufacturing and costly energy would continue to make our manufacturing uncompetitive.

In the conclusion of the final findings, DGTR has also highlighted that *"there will be impact on solar power developers and also on ultimate consumers as a result of safeguard duty on PUC."*

At this stage, our submissions are not regarding appropriateness of the duty or its quantum. We would like to bring your kind attention towards the applicability/treatment of this duty on the on-going projects which have been allocated at the tariffs discovered under the competitive bidding process.

The viability of around 27,000 MW projects involving the investment of more than INR 1 Lac crore is on stake as the cost of these projects will be additionally burdened by 20 % with present recommendations on safeguard. Consequently, entire

Former

- Deputy National Security Advisor, Govt. of India
- Defence Secretary, Govt. of India
- Secretary Defence Production, Govt. of India
- Secretary Ministry of Health, Govt. of India
- Director General, Sports Authority of India

mission will lose its objective endangering thousands of jobs, many interdependent MSMEs catering their goods and services to this sector and finally resulting these projects into NPAs.

In April 2018, MNRE issued a clarification w.r.t "Change in law" clause of competitive bidding guidelines for solar projects and whereby *Duties and Cess* words have been added in the said clause. Even if the revised bidding norms are to be interpreted to allow pass-through, the same is yet to be tested and established under regulatory process. The process is uncertain & time consuming and does not provide any assurance of relief to the developers. It is very likely that DISCOMS will not take the burden of increase in tariff and would certainly oppose any such pass-through in the tribunals and courts. Moreover, DISCOM will not purchase solar power as soon as the tariff increases above INR 3 per kWh on account of safeguard duty. We had highlighted all these concerns to DGTR in our written submissions filed dated 25.06.2018.


However, the above issue has not been dealt by DGTR in the final findings issued and requires serious consideration by the Honourable Board before any decision on the effectiveness of the duty on the on-going projects wherever the bids are concluded.

In view of above, we earnestly request Honourable Board to protect these on-going projects (wherever bids concluded) with complete exemptions from the imposition of any safeguard duty.

We look forward to your favourable consideration in this regard.

Thanking You,

Your Sincerely,



Shekhar Dutt

Copy to:

1. Secretary (Revenue) Department of Revenue, Ministry of Finance
2. Foreign Secretary, Ministry of External Affairs
3. Secretary, Ministry of New & Renewable Energy
4. Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry
5. Secretary, Ministry of Agriculture