



SOLAR POWER DEVELOPERS ASSOCIATION

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October 11, 2018

Shri Anand Kumar, IAS

Secretary

Ministry of New and Renewable Energy

Block-14, CGO Complex

New Delhi

Subject: Request for 3 months time extension in SCOD of all solar projects due to disruptions after imposition of safeguard duty.

Dear Sir,

Greetings from Solar Power Developers Association (SPDA).

This is with reference to the Gazette notification vide reference no 01/2018-Customs(SG) dated 30.07.2018 issued by Ministry of Finance for imposition of safeguard duties (SGD) on the import of solar cells and modules for the period of 2 years as follows:

Year	Safeguard duty recommended
First Year	Safeguard duty @ 25% ad valorem
Second Year (for first 6 months)	Safeguard duty @ 20% ad valorem
Second Year (for next 6 months)	Safeguard duty @ 15% ad valorem

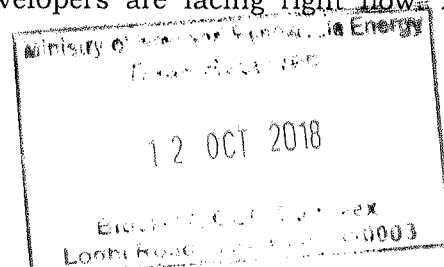
We wish to bring to your kind notice that; implementation of SGD has impacted viability of on-going projects due to significant escalation in project costs.

The projects that were auctioned 12 months back were under implementation when SGD notification was issued. The tariff quoted by bidders did not include safeguard duty.

Some of pertinent points in this regard are mentioned below:

- The erection of module is generally last stage of project execution
- While contracts for module are typically signed upfront, deliveries are scheduled towards fag end of project

While, Government has assured of the pass through in tariff, there is imminent problem of cash-flow that most of the developers are facing right now. As per





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estimates, developers have been compelled to shell out Rs. 60 Cr for every 100 MW of shipments. It is resulting into massive squeeze in cash flow situation as this was not budgeted and is way beyond contingency budgets. Banks also deferred the loan disbursements until SGD amount is demonstrated through internal equity by the developers, slowed down the work progress.

We request for your kind consideration of the situation. Developers have already committed their equity to ongoing projects. Hence, to arrange for additional capital for quantum as required to pay the safeguard duties imposed will certainly take time. A significant quantum of capacity is at the port is pending for clearance due to delays in payment of duty (attracting demurrage charges). Despite several requests submitted to MNRE, MOF for grant of exemption of SGD to on-going projects, no such relief granted.

On-going solar projects have been affected most due to disruption caused by imposition of safeguard as none of these projects had provisioned for payment of such heavy amount of duty on the import. In addition, future module shipments from the origin countries had to be renegotiated considering the impact of duty on the overall cost which also disrupted the time and cost aspects of on-going projects. The entire sequence of events has led to severe disturbance in the supply chain and therefore the project deadlines.

In view of above, it is requested that due to disruption occurred after SGD notification, all the on-going projects where PPAs have been signed prior to SGD notification may kindly be granted 3 months time extension in Scheduled commissioning date (SCOD).

We shall be grateful to your favourable consideration in this regard.

Thanking you

Yours sincerely

Vinay Kumar
Deputy Secretary General