



SOLAR POWER DEVELOPERS ASSOCIATION

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

Shri RK Singh, IAS

December 20, 2018

Hon'ble Minister of State (IC) for Power
& New & Renewable Energy
Ministry of New & Renewable Energy
CGO Complex
New Delhi

Sub: Request for removal of upper cap fixed on solar tariffs and allocation of maximum capacity to 20% of bid size to a company in all tenders

Hon'ble Shri RK Singhji,

I express my sincere appreciation for remarkable efforts by Ministry of New & Renewable Energy towards making India achieve 100 GW mission and develop a robust module manufacturing industry in the country under Make in India vision. Transition from developing MW to GW capacity projects through ISTS network has accelerated the capacity addition targets under National solar mission.

This is to bring your kind attention towards two most critical conditions which has been restricting the participation, competitiveness and fair opportunity for all developers.

1. 100 % capacity allocation of tender capacity is allowed to single bidder in solar parks category & 50 % allocation of tender capacity is allowed to single bidder in Non solar park category
2. Upper cap on the solar tariffs is too low

As per present guidelines, single bidder is eligible for allocation of entire capacity in the solar park schemes and 50 % capacity of tenders in non-solar park schemes. Allocation of such large capacity to single bidder dilutes the Government's objective of "Opportunity for all". More importantly, Indian solar industry has grown with 70-100 mid & large scale solar power developers established in the country. Therefore, open allocation of entire capacity or 50 % capacity to single bidder actually restricts the competitive spirit of medium scale developers in comparison to big groups also operating in the sector. Allocation of entire capacity to single bidder also increases the risks on banks and bank will be funding for entire capacity depending on the contract performance of single company/group.

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

In view of above, it is requested to restrict the bid/allocation capacity maximum to 20% of tender size for every bidder participating in solar parks/non-solar parks biddings. It will increase the effective participation from small and medium players operating in the sector. Bank funds will also be distributed among large stake holder mitigating their risks of dependency of single company/group.

Upper cap on solar tariffs:

As you understand that tariffs per unit is an outcome of various factors as follows:

1. Forecast of solar radiation at a particular location for bidding a project
2. Pricing forecast of solar modules which contributes for 60 % of the project cost
3. Forecast of currency exchange rates
4. Cost of capital goods at prevailing market conditions, land and transmission infrastructures
5. Debt lending rates
6. Expected ROI by the investors

Every state has its own uniqueness in terms of granting permits & clearances, land acquisition processes, evacuation possibilities, logistics, availability of work forces etc. required during project execution. Prices of capital equipment, construction machinery keeps varying depending on the prevailing market conditions. It is not possible to leverage the market conditions and reflect the benefits into bid tariffs with upper cap fixed.

As stated above, every bid has its own unique features and must get advantage of market driven parameters. Therefore, it is requested to remove the upper cap from the tenders in both solar park/non-solar category and kindly allow the tariff discovery through bidding process based on prevailing market conditions.

Look forward to your kind consideration in the matter.

Thanking You

Yours sincerely



Shekhar Dutt