

**Clarifications issued below are under the provisions of Clause 4.4 of section 4 of the Guidelines issued by MNRE with the approvals as envisaged therein.**

Sl. No.	Concerns Raised	Clarifications
1	If the accounting year is different from the Financial Year then what would be the position adopted?	<p>The following is proposed to be mentioned in the RfS document for the purpose of clarity and consistency:</p> <p><b>(i) For companies incorporated on or before 1.4.2006:</b>  The Company would be required to submit last four financial years annual audited accounts i.e. 2006-07, 2007-08, 2008-09, and 2009-10 (if available) <b>(or Calendar Years 2006, 2007, 2008 and 2009 or the accounting years as adopted by the Company and acceptable as per the laws of the respective Country)</b> indicating the year which should be considered for evaluation, alongwith a certificate from the Chartered Accountant to demonstrate the fulfilment of criteria.</p> <p><b>(ii) For companies incorporated after 1.4.2006:</b>  The company would be required to submit the annual audited accounts for all the Financial Years starting from the financial year in which the company was incorporated and till the financial year ended 31<sup>st</sup> March 2009 and for the financial year 2009-10 (if available) <b>(or starting from the first accounting year, after incorporation upto 2009, as adopted by the company and acceptable as per the laws of the respective Country)</b> indicating the year which should be considered for evaluation, alongwith a certificate from the Chartered Accountant to demonstrate the fulfilment of criteria.</p>
2	Can two companies of a group bid separately, i.e. one for thermal of 100 MW and another for PV of 5MW.	<p>Yes. This would be subject to fulfilling the financial criteria separately and collectively without overlap.  Example: - Net Worth for 100 MW of Thermal &amp; 5 MW of PV separately is Rs.220 Cr and Rs.15 Cr respectively but for both to qualify Net Worth requirement shall be Rs.235 Cr</p>
3	Is a foreign company allowed to participate as an independent entity or as a member of consortium?	<p>A foreign company can participate on standalone basis or as a member of consortium at RfS stage. Before signing of PPA it has to form an Indian Company registered under the Company Act, 1956.</p>
4	Can an Indian company form a SPV for execution of this project?	<p>Yes, but before signing of PPA.</p>
5	Is it necessary to have the Technology partner at RfS stage?	<p>No, it is not necessary to have the Technology partner at RfS stage.</p>
6	What is meant by the word 'entity' in the Definition of Technology Partner?	<p>The word "entity" means any entity in case it is not providing Equity Commitment to a Bidding Company or Consortium. However, in case Equity Commitment is being provided by the technology provider to a Bidding Company or Consortium, then it shall only be a Company.</p>
7	Is it necessary that the Technology partner should necessarily take equity stake in the Bidding Company or consortium?	<p>No, it is not necessary for the Technology partner to have an equity stake in the Bidding Company/Consortium.</p>
8	Can the Technology provider take Equity stake of 10% in more than one Bidding Company / Bidding Consortium?	<p>No, this clashes with the provisions of 10% or more Equity involvement envisaged in the definition of Group Company. Accordingly, it is advisable to have an Equity commitment of less than 10% in case of participation in more than one Company to avoid the clash with the Group Company definition.</p>

9	<p>If as consequence of delay in commissioning, the applicable tariff changes for the project, what is the Applicable Tariff for the project?</p> <p>(i) In the case of decrease in CERC applicable Tariff?</p> <p>(ii) In the case of increase in CERC applicable Tariff?</p>	<p>As a consequence of delay in commissioning, if the applicable tariff changes for the project (upward or downward), the project developer shall be paid the agreed tariff or the changed applicable tariff incorporating the tariff discount, <b>whichever is lower</b>.</p>
10	<p>What are the provisions with respect to the Changes in the Shareholding pattern of a Bidding Company / Bidding Consortium from the stage of submission of RfS till the execution of PPA and thereafter up to one year of COD? Please elaborate.</p>	<p>Company developing the project shall provide the information about the promoters and their shareholding in the company to NVVN indicating the controlling shareholding at the stage of <i>submission of RfS to NVVN</i>.</p> <p>Further in the case of Bidding Company the Shareholding Pattern as given at the time of RfS shall not change till the signing of PPA and the <b>Controlling Shareholding</b> shall not change from the stage of RfS and up to one year after the COD of the Project.</p> <p>Further, in the case of a Bidding Consortium, the Project Company incorporated shall have the same Shareholding Pattern as given at the time of RfS. This shall not change till the signing of PPA and the <b>Controlling Shareholding</b> (which is held by the Lead Member of the Consortium) shall not change from the stage of RfS and up to one year after the COD of the Project.</p> <p>However, in case of any change in the shareholding of the other shareholders (other than the Controlling Shareholder including Lead Member) after signing of PPA, the arrangement should not change the status of the <b>Controlling Shareholder and the lead member in the Project Company at least up to one year after the COD</b> of the Project. Further, such change in shareholding would be subject to continued fulfilment of the financial and technical criteria, by the project company.</p>
11	<p>What will be the selection criteria if two projects, one opting for Normal rate of Depreciation and the other opting for the Accelerated rate of depreciation offer the same discount?</p>	<p>Both would be treated at par, since the criteria for selection is the quantum of discount in Rs./kWh.</p>
12	<p>In case of a Project selected based on the discount offered on CERC Approved Applicable Tariff on Normal Rate of Depreciation and claims Accelerated Rate of Depreciation as per Income Tax Act, would the Applicable Tariff for the Project remain unchanged?</p>	<p>No. The Applicable Tariff for the Project Selected shall be revised to the CERC Approved Applicable Tariff based on Accelerated Rate of Depreciation less the discount offered at the Stage of RfP. Moreover, the Selected Project Developers would be required to submit the audited annual accounts along with tax audit report supplemented with the calculation of depreciation (taken for the purpose of Income Tax calculation of the Project Company) and copy of Income Tax Returns for the first five years from COD.</p>
13	<p>Please clarify whether the Project Capacity is MW (DC) or MW (AC)?</p>	<p>The Capacity of the Project in MW is the installed Capacity of the Project / Maximum Power Output (AC) from the Solar Power Plant which can be scheduled at the point of Injection to the GRID during any time block of the day.</p>
14	<p>Can the location of the Land indicated at the stage of RfS be changed at a later stage after selection?</p>	<p>Yes, but generally a change of Location is not desirable. However, there could be situations not within the reasonable control of the Developer, necessitating a change in location. Change in location could be agreed till</p>

		180 days of signing of PPA or at Financial Closure, whichever is earlier, with the approval of NVVN, subject to the same being within the same State.
15	In case, change of location is allowed what all the further approvals will be required?	In such cases fresh letter from STU for connectivity and Water Clearance for availability of water as applicable is required to be submitted afresh by the Project Developer within 180 days of signing of PPA or at Financial Closure, whichever is earlier.
16	What type of documentary evidence is required to be submitted for water availability?	An in-principle approval for water based on the quantity of water requirement assessed by the bidder may be accepted at RfS stage. Required details including calculation of water required with documentary evidences for firm allocation are to be submitted within 180 days of signing of PPA or at Financial Closure, whichever is earlier.
17	Can groundwater be considered as a water source for Solar Thermal Projects?	Groundwater as water resource could be accepted for Solar Thermal Power Project with small capacities. In case of capacity up to 10 MW an undertaking can be given at the time of submission of RfS by the developer stating therein that the required groundwater is available. But for the projects beyond 10 MW and up to 25 MW the developer is required to give an Undertaking for the quantity of water required for the project supported by a Letter from the concerned ground water authority confirming availability and permitting tapping of such water resource for the project. Capacity beyond 25MW based on ground water will not be considered.
18	Since the applicants for the Solar Thermal Projects may be far in excess of the available capacity for allocation, some States may give conditional letters of allocation of water, subject to the selection of the project by NVVN? Would such conditional allocation letters be accepted as evidence of water availability?	Yes. However, in case of selection of the project, the developer would need to ensure availability of water from the appropriate State authority and furnish the confirmation letters within 180 days of the signing of PPA or at Financial Closure, whichever is earlier.
19	In case of some Solar Thermal Technology, large quantum of water is not required for the project, what is required to be submitted by the applicant?	The applicant is required to furnish an undertaking that large quantity of water is not required for technology proposed for the project duly supported by a letter from the Technology provider.
20	What is Delivery Point? Where will the metering be done?	<b>Delivery Point</b> shall be the injection point at which the generator shall deliver the power to the STU. The metering shall be done at this point of Injection. All Charges and losses up to the point of Injection shall be borne by the Solar Power Developer and after the point of injection the Demand Charges and Usage Charges as notified by the STU from time to time shall be payable by NVVN, even if it is paid by SPD which will be recovered from the Buying Utilities.  SPD shall interconnect to the Pooling Substation of STU or the STU injection point at its own cost.
21	How Auxiliary Power consumption shall be accounted?	<b>Auxiliary Power Consumption</b> – This would be reduced from the generation from the plant and net Output shall be scheduled.
22	Can DG sets be used for Black Start up of the plant?	No DG Sets would be permitted for this purpose. This arrangement would be required to be made by the Project

		Developer with the State in which the Plant is located.
23	Whether assessment for CDM benefit is required or not?	Assessment of projects for the availability of CDM Benefit is desirable and the Bidders are required to get the same assessed. The sharing of the benefits of CDM shall be as per the relevant CERC Regulations.
24	Whether STU clearance, approval for Water requirement and Land requirement documents are to be submitted at the time of submission of RfS or at the time of signing of PPA?	The Bidding Company / Consortium is required to submit the Location of Project, STU Clearance and in principle approval of water along with quantity as assessed by the bidder for the technology considered by them at the stage of submission of RfS. Final approval for the same along with calculation and documentary evidence has to be submitted within 180 days of signing of PPA or at Financial Closure, whichever is earlier.
25	In case of Consortium can the lease hold rights / STU clearance / Approval for water be in the name of any member of the Consortium?	In the case of a Consortium, the possession of land or lease hold rights of land may be in the name of a member of a consortium. Similarly, the STU Clearance and in principle approval of water may also be in the name of one of the members of the consortium. However the same will be accepted against application of one project only and would be required to be transferred to the Project Company on or before signing of PPA.
26	Whether Land, Plant and Machinery can be taken on Lease or not for the Project?	Land can be taken on lease from the States only.  In case ownership of the assets, (excluding land) does not vest with the developer, the CERC Applicable Tariff with Accelerated rate of Depreciation will be made applicable for such Projects from the Commercial Operation Date (COD) of 1 <sup>st</sup> Unit of the Project.
27	Can New Companies / Members of Bidding Consortium or Companies with less Net Worth rely on the Net Worth of their Parent Companies?	Yes, New Companies / Members of a bidding consortium or Companies with less Net Worth can claim net worth on the basis of the net worth of their parent companies. Wherever financial resources of others are relied upon to achieve the required Net Worth, it has to be infused in the Project Company before signing of PPA.
28	Who can be the Lead Member in a bidding Consortium?	Lead member in a bidding consortium is the largest share holder in a consortium having not less than 26 % of voting rights in a consortium.
29	Big companies generally have their Board Meetings pre-fixed at particular intervals only. So can they submit the approvals from their Chairman/ CEOs on the above issues with an undertaking that as soon as their Board meetings are held at the earliest point of time i.e. on or after submission of their application with NVVN they will get these resolutions passed and send a copy of the same to NVVN?	The Companies which are facing difficulty in submitting the required Board Resolutions for submission of RfS by the last date for submission of RfS their Chairman/ CEOs can submit the duly approved Board Resolutions by 15th October'2010, provided they submit an undertaking to submit these resolutions definitely by the said date and also enclose the draft Board Resolutions duly signed by Chairman/ CEO, which they are going to place in the ensuing Board Meeting to be held on .....[Proposed date of the Board Meeting]. If the required Board Resolutions are not received by the committed date their application will be rejected.

**Note: - In case of any contradiction or discrepancies or ambiguity with the Clauses of Guidelines issued by MNRE, RfS Document of Solar PV and Solar Thermal issued by NVVN, Presentation during Pre-Bid Meeting and earlier clarifications issued, the clarifications given above will prevail.**