

F. No. 32/645/2017-SPV Division (Part-3)
Government of India
Ministry of New and Renewable Energy

*Block no. 14, CGO Complex, Lodi
Road, New Delhi -110003*

Date: 11 May 2022

Office Memorandum

Subject: Amendment in provisions of bank guarantees in PM-KUSUM Scheme Guidelines - reg.

Under Para 3(I)(A)(g) of the PM-KUSUM Guidelines issued vide OM No. 32/645/2017-SPV Division dated 22.07.2019, on 'Bank Guarantees' related to Component-A of PM-KUSUM, it has been mentioned that:

"The RPG shall provide the following Bank Guarantees to DISCOM as follows:

- Earnest Money Deposit (EMD) of Rs. 1 Lakh/MW in the form of Bank Guarantee along with EoI.*
- Performance Bank Guarantee (PBG) of Rs. 5 Lakh/MW within 30 days from date of issue of Letter of Award.*

The Bank Guarantees against EMD shall be returned to the selected RPG on submission of valid PBGs. The selected RPGs are required to sign PPA with the DISCOM in line with the timeline given in the Guidelines. In case, the selected RPG fails to execute the PPA within the stipulated time period, the Bank Guarantee equivalent to EMD shall be encashed by DISCOM as penalty. In case any bidder is not selected, DISCOM shall release the EMD within 15 days of the date of issue of LoA to selected RPG(s). The PBGs shall be valid for a period of 12 months from the date of issue of LoA for the REPP. The PBG will be returned to the RPG immediately after successful commissioning of solar power plant, after taking into account any penalties due to delay in commissioning as per provisions stipulated in the Guidelines."

2. Undersigned is directed to convey that the requirement of separate PBG of Rs. 5 Lakh/MW has been removed and the above clause stands amended as given below:

"The Solar Power Generator (SPG) shall provide Earnest Money Deposit (EMD) of Rs. 1 Lakh/MW in the form of Bank Guarantee along with EoI. The EMD of Rs. 1 lakh per MW will be converted into PBG for the successful bidder, who has signed the PPA within stipulated time period. In case, the selected SPG fails to execute the PPA within the stipulated time period, the Bank Guarantee shall be encashed by DISCOM as penalty. In case, a bidder is not selected, DISCOM shall release the EMD within 15 days of the date of issue of LoA to selected SPG(s). The PBGs shall be valid for a period of 12 months from the date of issue of LoA for the Solar Energy Project. The PBG will be returned to the SPG immediately after successful commissioning of solar power plant, after taking into account any penalties due to delay in commissioning as per provisions stipulated in the Guidelines."

The above amendment in Component-A will apply prospectively to all projects which have not been physically set up on the date of issue of this OM.

3. Under Para 2(B) of the Guidelines for Solarization of Agriculture Feeders under Component-C of PM-KUSUM Scheme, issued vide OM No. 32/645/2017-SPV Division dated 04.12.2020, it has been mentioned that:

"CFA up to 100% of the total eligible CFA will be released to the RESCO developer through DISCOM on successful commissioning and declaration of Commercial Operation Date (COD) of solar power plant. The release of CFA to RESCO developer is subject to submission of bank guarantee equivalent to CFA amount. Bank Guarantee will be released in four lots of 25% each on successful operation of plant after 2.5 yrs, 5 yrs, 7.5 yrs and 10 yrs from CoD."

4. Undersigned is directed to convey that that requirement of bank guarantee in the above clause has been removed and the clause stands amended as given below:

"CFA up to 100% of the total eligible CFA will be released to the RESCO developer through DISCOM on successful operation and performance of the solar plant for two months after the commissioning, with at least one month CUF as per minimum CUF agreed in PPA. Further, a suitable clause in PPA shall be included to ensure that RESCO developer does not sell solar power to any other buyer except the concerned Discom during tenure of PPA, including penal provision calling for refund of proportionate CFA granted to the project by MNRE on violation of this condition. In case of any liquidation of assets of the solar power plant prior to completion of PPA period, the first charge shall be towards recovery of proportionate CFA granted to the project by MNRE."

The above amendment in Component-C will be applicable prospectively to all sanctions for feeder solarization issued by MNRE under the Scheme, except for the cases where bids are closed before issuance of this amendment.

5. This issues with approval of Competent Authority.


(Shobhit Srivastava)
Scientist-D

To

All concerned