

**11/9/2019-EFM**  
**Ministry of New & Renewable Energy**

Block No. 14, CGO Complex,  
Lodi Road, New Delhi- 110003  
Dated: 5 August 2019

**OFFICE MEMORANDUM**

**Subject:** Opening and maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements by Distribution Licensees – Clarification –reg.

This refers to this Ministry's OM of even number dated 31 July 2019 on the subject cited above.


2. The paragraph 3 of this Ministry's above referred OM has been modified and read as under:-

It is hereby clarified that Fixed Charge in cases of Solar, Wind and Small Hydro Power, for the purpose of Clause 5 (vi) of the Ministry of Power's order no 23/22/2019-R&R dated 28 June 2019, would constitute the following:-

*“For the purpose of Clause 5 (vi) of the Ministry of Power's order no 23/22/2019-R&R dated 28 June 2019, the Fixed Charge in the cases of Solar, Wind and Small Hydro Power will be the tariff on which the power is being purchased by the Distribution licensee as it reflects the cost of installation, operation and maintenance of the power plant. The energy generated during the non-dispatch period, as stated in Clause 5 (vi) of the order referred above, shall be calculated on the basis of Capacity Utilization Factor as declared by the Generators in PPAs, and for projects having more than one year operation, the power not-dispatched shall be calculated on the basis of pro-rated actual energy generated in the corresponding month of the previous year, with the average generation calculated after removing the period of curtailment”*

3. All concerned are requested to take into consideration the clarification, as above, for determining Fixed Charge, for the purpose of Clause 5 (vi) of the Ministry of Power's order no 23/22/2019-R&R dated 28 June 2019.

4. This issues with the approval of Minister of State (I/C) for Power and New and Renewable Energy.

  
(P.C. Maithani)  
Adviser

**To**

1. CMD, POSOCO/Heads of NLDC/RLDCs/SLDCs
2. Principal Secretary/Secretary (Power/Energy), State Governments/UTs-For necessary communication to Discoms
3. All Generating Companies
4. All Distribution Companies
5. Secretaries of All State Electricity Regulatory Commissions (SERCs)/JERCs

**Copy to**

1. Secretary, Ministry of Power, New Delhi
2. Chairperson, CEA, Sewa Bhawa, RK Puram, New Delhi
3. Chief Engineer (R&R), Ministry of Power, New Delhi
4. Secretary, CERC/FOR, Chandralok Building, Janpath, New Delhi

**Copy also for information to**

1. PS to Hon'ble Minister, New and Renewable Energy and Power
2. Sr PPS to Secretary, MNRE
3. Sr PPS to Additional Secretary, MNRE