

**MEMORANDUM OF UNDERSTANDING FOR SETTING UP A
SPECIAL PURPOSE VEHICLE (SPV) FOR IMPLEMENTING
RENEWABLE ENERGY PROJECTS**

This Memorandum of Understanding (MOU) is made on the 25th day of **February 2014** between the Ministry of New & Renewable Energy and Ministry of Petroleum & Natural Gas, Government of India (henceforth called the parties) for setting up a Special Purpose Vehicle (SPV) for implementing large scale grid-connected solar, wind and other renewable energy (including hybrid) power projects.

WHEREAS achieving energy security and promoting use of renewable energy are the twin objectives of the Ministry of New & Renewable Energy, it is necessary to plan and develop large scale renewable energy based power projects on workable business models for providing grid-connected power. The Ministry of New and Renewable Energy (hereinafter referred to as "MNRE"), is promoting the development of Solar, Wind, Biomass, Small Hydro and other renewable energy (including hybrid) projects and the Ministry of Petroleum and Natural Gas (hereinafter referred to as "MoP&NG") endorses the mission for the reduction of carbon footprint and reduction of large scale oil imports thereby contributing to energy security and clean energy development.

Pursuant to above, it is decided by MNRE and MoP&NG to set up a Special Purpose Vehicle (SPV) in the nature of a Joint Venture Company (JVC) through PSUs attached to them.

WHEREAS MoP&NG has initially identified Oil and Natural Gas Corporation Limited, Oil India Limited, GAIL (India) Limited and Engineers India Limited and the MNRE has identified Solar Energy Corporation of India and Indian Renewable Energy Development Agency Limited, as their PSUs in the JVC. The SPV will be led by Oil and Natural Gas Corporation Limited. The details of participating partner PSUs are as follows:

Oil and Natural Gas Corporation Limited, a Company incorporated on 23rd June, 1993, under the Companies Act 1956 having its Registered Office at "124, Indira Chowk, Jeevan Bharti, 8th Floor, Tower – II, New Delhi - 110001" represented by its Chairman & Managing Director (hereinafter referred to as "ONGC") which expression shall unless repugnant to the context or meaning thereof include its successor(s) and permitted Assign(s);

GAIL (India) Limited, a Company incorporated on 16th August, 1984 under the Companies Act 1956 having its Registered Office at "16, Bhikaiji Cama Place, RK Puram, New Delhi-110066" represented by its Chairman & Managing Director (hereinafter referred to as "GAIL") which expression shall unless repugnant to the context or meaning thereof include its successor(s) and permitted Assign(s);

Oil India Limited, a Company incorporated on 18th February, 1959 under the Companies Act 1956 having its Registered Office at "Duliajan, Assam" represented by its Chairman & Managing Director (hereinafter referred to as "OIL") which expression shall unless repugnant to the context or meaning thereof include its successor(s) and permitted Assign(s);

Engineers India Limited, a Company incorporated on 15th March, 1965 under the Companies Act 1956 having its Registered Office at "1, Bhikaiji Cama Place, RK Puram, New Delhi - 110066" represented by its Chairman & Managing Director (hereinafter referred to as "EIL") which expression shall unless repugnant to the context or meaning thereof include its successor(s) and permitted Assign(s);

Solar Energy Corporation of India, a Company incorporated on 20th September, 2011 under the Companies Act 1956 having its Registered Office at "NBCC Plaza, Saket, New Delhi - 110017", represented by its Managing Director (hereinafter referred to as "SECI") which expression shall unless repugnant to the context or meaning thereof include its successor(s) and permitted Assign(s);

Indian Renewable Energy Development Agency Limited a Company incorporated on 11th March, 1987 under the Companies Act 1956 having its Registered Office at India Habitat Center, New Delhi represented by its Chairman & Managing Director (hereinafter referred to as "IREDA") which expression shall unless repugnant to the context or meaning thereof include its successor(s) and permitted Assign(s);

MNRE will support the proposed JVC to avail of any Generation Based Incentive (GBI), Viability Gap Funding (VGF) or any other benefits that may be available at that particular point of time including multilateral and bilateral financial and technical assistance. MNRE will also provide technical guidance as and when required. Further, MNRE will provide assistance in firming up Power Purchase Agreements (PPA) such that the projects are commercially viable.

In consideration of above, this Memorandum of Understanding (MOU) sets out the intent of the Parties herein as under:

CHAPTER - I

PREPARATORY ACTIVITIES

1. EIL shall prepare the Feasibility Report (FR) based on the detailed scope of work decided by the Steering Committee, prior to incorporation of the JVC (SPV). Cost of FR shall be borne by ONGC and SECI, and responsibility for preparatory activities shall rest with ONGC. The FR will be prepared within three months.
2. The broad terms of reference shall cover the following, but not limited to:
 - (i) Identify project strategy.
 - (ii) Project cost and means of financing, including authorized and paid up capital, for the proposed JVC.
 - (iii) Assessment of overall economics, including business model covering expected returns, risk analysis etc.
 - (iv) Location assessment and analysis based on availability of inputs.
 - (v) The Feasibility report shall cover all large scale grid-connected solar, wind and other renewable energy (including hybrid) power projects based on state of art available technologies.
3. The JVC upon its incorporation shall reimburse all pre-incorporation expenses incurred to the concerned partners including expenditure on preparation of FR.

CHAPTER- II

PROPOSAL

1. A Joint Venture Company (JVC) under the Companies Act 1956 shall be incorporated, after finalisation of the Definitive Documents.
2. The Registered Office of JVC shall be in Delhi/NCR.
3. The JVC shall plan, develop and operate large scale solar, wind (including offshore wind), biomass, small hydro and other renewable energy (including hybrid) projects in India or associated with solar, wind & other renewable energy projects under any other arrangement as may be decided by the JVC from time to time.
4. ONGC will be the lead partner in the JVC, with minimum equity participation of 26 percent, along with equity from OIL, GAIL, EIL, SECI, IREDA and other interested oil & gas companies, as may be decided by the competent authority.
5. In the event of sale of shareholding in JVC by any Partner, the Partner shall first make offer of sale to the remaining Partners.
6. The JVC shall be managed by a Board of Directors consisting of Full time and Part-time Directors. The strength of Board shall not be less than 3 and not more than 16. The promoter companies shall have the right to nominate Directors in proportion to their shareholding, as per the share holders' agreement.

CHAPTER – III

RIGHTS AND OBLIGATIONS OF JVC AND PARTNERS

A. RIGHTS AND OBLIGATIONS OF JVC

1. The JVC shall plan, develop & set up Large scale grid connected Solar, Wind, Biomass, small hydro and other renewable energy (including hybrid) projects in India and foreign countries on build, own and operate basis. JVC can also undertake EPC works for Solar, Wind & other renewable energy power projects for other companies and corporations.
2. The JVC would comply with and secure all statutory clearances including environmental clearances etc, required under various applicable Laws governing the Projects either under Government of India or any State Government or with both at all times.
3. The JVC shall arrange its debt requirement for implementation of various projects which it decides to execute.
4. The JVC shall apply for connectivity, long /medium /short term open access to the nodal agency, as per relevant regulations governing evacuation and transfer of power to the beneficiaries.
5. The JVC shall create and construct entire infrastructure including approach roads, offices, and residences as are envisaged for implementation of the Projects.
6. For setting up Solar Power Project, the JVC would be requiring large capacity of Solar PV Cells and Modules and allied Power Systems. The JVC may set up PV cells and Modules and Power Systems manufacturing on its own or through Joint Ventures or subsidiary companies.
7. All such activities as are specified in the Memorandum and Articles of Association as may be applicable from time to time.

B. RIGHTS AND OBLIGATIONS OF ONGC

1. ONGC shall prepare all documents including Memorandum and Articles of Association of JVC and incorporate the JVC after obtaining approval of all partners of the JVC.
2. ONGC shall subscribe to the Equity in the agreed proportion of JVC as and when Calls for subscription are received.
3. ONGC shall incur the expenditure towards preparation of feasibility report (to be shared with SECI) to be undertaken by EIL for the SPV, which will be capitalized once the JVC is formed.

4. ONGC shall render services for the planning, development and execution of projects that may be required by the JVC.

C. RIGHTS AND OBLIGATIONS OF GAIL

1. GAIL shall accord its approval/comments on the draft Memorandum and Articles of Association of JVC within the time limits.

2. GAIL shall subscribe to the Equity in the agreed proportion of JVC as and when Calls for subscription are received.

3. GAIL shall render services for the planning, development and execution of projects that may be required by the JVC.

D. RIGHTS AND OBLIGATIONS OF OIL

1. OIL shall accord its approval/comments on the draft Memorandum and Articles of Association of JVC within the time limits.

2. OIL shall subscribe to the Equity in the agreed proportion of JVC as and when Calls for subscription are received.

3. OIL shall render services for the planning, development and execution of projects that may be required by the JVC.

E. RIGHTS AND OBLIGATIONS OF EIL

1. EIL shall prepare the feasibility report for the SPV.

2. EIL shall accord its approval/comments on the draft Memorandum and Articles of Association of JVC within the time limits.

3. EIL shall subscribe to the Equity in the agreed proportion of JVC as and when Calls for subscription are received.

4. EIL shall render services for the planning, development and execution of projects that may be required by the JVC.

F. RIGHTS AND OBLIGATIONS OF SECI

1. SECI shall accord its approval/comments on the draft Memorandum and Articles of Association of JVC within the time limits.

2. SECI shall subscribe to the Equity in the agreed proportion of JVC as and when Calls for subscription are received.

3. SECI shall coordinate and arrange for release of Viability Gap Funding (VGF)/grant from Government for the projects to be taken up by the JVC.

