

F. No. 53/14/2016-WE
Ministry of New and Renewable Energy
Government of India

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

Dated: 14 June 2016

To
Dr. Ashvini Kumar
Managing Director
Solar Energy Corporation of India
1st Floor, D-3, A Wing, Religare Building
District Centre, Saket, New Delhi - 110017

Subject: Sanction for the “Scheme for Setting up of 1000 MW CTU-connected Wind Power Projects”

I am directed to convey sanction of President of India for implementation of a Scheme for setting up of 1000 MW Wind Power Projects connected to transmission network of Central transmission Utility (CTU), through Solar Energy Corporation of India (SECI). The Scheme is detailed as under:

2. **Introduction:** The wind power deployment in the country started in early 90s and with the conducive policy environment provided at Central and State level this segment has achieved highest growth amongst the other renewable energy technologies. The present wind power installed capacity in the country is nearly 26.7 GW sharing around 9 % of total installed capacity. Globally India is at 4th position in terms of wind power installed capacity after China, USA and Germany.

The Government of India has set an ambitious target of target of achieving 175 GW power capacity from renewable energy resources by 2022 and out of this 60 GW to come from wind power.

The wind power potential in the country is assessed by the National Institute of Wind Energy (NIWE) at 100 meter above ground level, which is estimated to be over 302 GW. Most of this potential exists in 8 windy States namely Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Telangana.

In order to facilitate transmission of wind power from these windy States to non-windy States provisions have been made in the Tariff Policy to waive the inter-state transmission charges and losses for wind power projects.

A need has been felt to formulate a scheme for supply of wind power to the non-windy states at a price discovered through transparent bidding process.

3. **Objectives of the Scheme:** The objectives of the scheme includes:
- (a) To facilitate supply of wind power to the non-windy states at a price discovered through transparent bidding process;
 - (b) To encourage competitiveness through scaling up of project sizes and introduction of efficient and transparent e-bidding and e-auctioning processes; and

- (c) To facilitate fulfillment of Non Solar Renewable Purchase Obligation (RPO) requirement of non-windy states.

4. Capacity under the Scheme: The Scheme will be implemented for setting up 1000 MW capacity of CTU connected Wind Power Projects by Wind Project Developers on build, own and operate basis. However, the capacity may go higher than 1000 MW, if there is higher demand from Discoms of non-windy States.

5. Implementation Arrangements: The arrangement for implementation of the Scheme shall be as enumerated below:

- (i) SECI will be the nodal agency for implementation of this Scheme.
- (ii) 1000 MW capacity is envisaged for bidding in 2016-17. However, this may be revised by MNRE based on demand.
- (iii) The selection of wind power projects under the Scheme will be through a transparent e-bidding process followed by e-reverse auction for eligible bidders for procurement of wind power at tariff discovered through open competitive bidding process. SECI will develop guidelines for e-bidding process.
- (iv) Eligible project capacity for bidding will be minimum 25 MW and maximum 500 MW by a bidder.
- (v) SECI may call expression of interest/bids for selection of a Trading Company to sign Power Purchase Agreement (PPA) with selected developers at bid tariff and back-to-back Power Sale Agreement (PSA) with Discoms of non-windy States at a pooled price of the total bids selected.
- (vi) The process of selection of Trading Company will be completed prior to issue of Request for Selection (RfS) document, so that bidders have clarity on position of Trading Company with which they are going to sign PPA. The selected Trading Company will be entitled to charge a trading margin as mutually agreed between the parties or as decided by the CERC for long-term purchases. Trading company to share at least 25% of trading margin with SECI without any liability to SECI. The duration of PPA and PSA will be 25 years from the date of Commercial operation of the project.
- (vii) SECI shall invite bidders to participate in the open bidding process against the Request for Selection (RfS) for development of Wind Power Projects under this scheme.
- (viii) Request for Selection (RfS) document for the bidding under the Scheme will be issued by the SECI within a period of one month from the date of issue of detailed Guideline for implementation of the Scheme by MNRE.
- (ix) The bidders will be free to avail fiscal incentives like Accelerated Depreciation (AD), Generation based Incentive (GBI), concessional customs and excise duties, tax holidays, etc. available for such projects as per prevailing conditions and rules. Equal opportunity is being provided to all bidders at the time of tendering itself.
- (x) No separate Central Financial Assistance is envisaged for implementation of the Scheme.

5. Role of MNRE: MNRE will issue Guidelines¹ for transparent bidding process for implementation of the Scheme.

6. Role of SECI: Through a transparent procedure, SECI shall select a Trading Company prior to issue of Request for Selection (RfS) document, which will sign Power Purchase Agreement with selected developers at bidded tariff and back-to-back Power Sale Agreement with Discoms of non-windy States at a pooled price of the total bids selected.

SECI shall issue the Request for Selection (RfS) document inviting developers to submit the bids quoting tariff for 25 years from sale of power from the Wind Power Project they proposed to set-up in a specified location through e-bidding for which SECI will develop detailed guidelines.

In addition, SECI will develop a suitable mechanism for monitoring the performance of the projects.

7. Role of State Nodal Agencies (SNAs): The State Nodal Agencies will provide necessary support to facilitate the required approvals and sanctions in a time bound manner so as to achieve commissioning of the Projects within the scheduled Timeline.

9. Power to Remove Difficulties: If any difficulty arises in giving effect to any provision or interpretation of the Scheme or there is a requirement to modify/change the provisions of the Scheme, MNRE will be competent to make such arrangements with approval of Minister in-charge.

10. This issues with the approval of competent authority.

Yours faithfully

(J. K. Jethani)
Scientist-D
Ph. 011-24362728

Copy for information to:

1. Secretary, Ministry of Power, SS Bhawan, Rafi Marg, New Delhi - 110001.
2. Principal Director of Audit, Scientific Audit-II, DGACR building, IP Estate, New Delhi-110002.
3. Chairman & Managing Director, PGCIL, Gurgaon.
4. All State/UT Energy/Power/New & Renewable Energy Secretaries
5. All States Nodal Agencies
6. All Discoms of non-windy States

Internal Distribution:

1. PS to Hon'ble Minister
2. PSO to Secretary
3. JS&FA/JS(TK)/JS(VJ)/JS(SV)
4. Director, NIC to upload the scheme on MNRE website
5. Sanction folder

¹ Refer: Section 63 of Electricity Act 2003