### Annexure 1:

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Particulars</th>
<th>Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name of Scheme</td>
<td>Pradhan Mantri Kisan Urja Suraksha Evam Uthaan Mahabhiyaan (PM- KUSUM Scheme).</td>
</tr>
<tr>
<td>1.</td>
<td>Scheme</td>
<td>For financing Installation of (a) Small renewable energy project of 2 MW (b) Installation of standalone solar pumps and (c) Solarization of existing grid connected agriculture pumps.</td>
</tr>
</tbody>
</table>
| 2.     | Objective                    | • **Component A**: Setting up of Decentralized Ground/ Stilt Mounted Grid Connected solar or other Renewable Energy Based Power Plants of individual plant size from 500 kW to 2 MW.  
• **Component B**: Installation of standalone Solar Powered Agriculture Pumps of individual pump capacity up to 7.5 HP.  
• **Component C**: Solarisation of Grid-connected Agriculture Pumps. |
| 3.     | Eligibility/ Eligible Beneficiaries | • Farmers  
• Group of farmers  
• Co-Operative of farmers  
• Panchayat  
• Farmer production organizations (FPO) and Water users associations (WUA) who have their own or lease land. |
| 4.     | Nature of Facility           | • Demand Loan/ Term Loan |
| 5.     | Project Cost & maximum Loan component | | |
|        | Particular | Project Cost | Maximum Loan Component |
|        | Component A | Rs. 3.5 Crores/ MW maximum: Rs. 7.00 Crores for 2 MW | Rs. 490.00 Lacs |
|        | Component B | Rs. 3.25 Lakhs per pump | Rs. 0.97 Lacs |
|        | Component C | Rs. 4.50 lakhs per pump | Rs. 1.35 Lacs |
| 6.     | Margin                     | • Component A: 30%  
• Component B & Component C: 10% |
| 7.     | Subsidy available under PM KUSUM scheme | | |
|        | Particulars | Central Subsidy | State Subsidy | Total Subsidy |
|        | Component A | NIL | NIL | NIL |
|        | Component B | 30% | 30% | 60% |
|        | Component C | 30% | 30% | 60% |

**Note:** For component B & C, In North Eastern States, Sikkim, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Lakshadweep.
and A&N Islands, CFA (Central Financial Assistance) of 50% of the benchmark cost or the tender cost, whichever is lower, of the stand-alone solar pump will be provided. The State Government will give a subsidy of 30%; so that farmer has to initially bring margin of 10% of the cost and remaining up to 10% in the form of loan.

Further concessional financing facility available under Agriculture Infrastructure Fund may also be provided to the eligible beneficiaries.

8. Documents
As per existing guidelines of the bank for Agriculture advances

9. Security

<table>
<thead>
<tr>
<th>Component A</th>
<th>Component B</th>
<th>Component C</th>
</tr>
</thead>
<tbody>
<tr>
<td>DP Note</td>
<td>DP Note</td>
<td>DP Note</td>
</tr>
<tr>
<td>Mortgage of land or third party Guarantee</td>
<td>Mortgage of Land or third party guarantee applicable as per security norms for agriculture accounts.</td>
<td>Other documents as per banks extant guidelines.</td>
</tr>
<tr>
<td>Other documents as per banks extant guidelines.</td>
<td>Other documents as per banks extant guidelines.</td>
<td>Other documents as per banks extant guidelines.</td>
</tr>
</tbody>
</table>

10. Rate of Interest

a) For limits upto Rs. 25.00 Lacs

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits upto Rs. 3.00 Lacs</td>
<td>1 year MCLR+SP</td>
</tr>
<tr>
<td>Limits above Rs. 3.00 Lacs and less than Rs. 25.00 Lacs</td>
<td>1 year MCLR+SP+1.25%</td>
</tr>
</tbody>
</table>

b) For limits of Rs. 25.00 Lacs and above

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>For DL period less than 3 years</td>
<td>1 year MCLR+SP+2.00%</td>
</tr>
<tr>
<td>For loans 3 years and above and upto 5 years</td>
<td>1 year MCLR+SP+2.10%</td>
</tr>
<tr>
<td>For loans above 5 years and upto 10 years</td>
<td>1 year MCLR+SP+2.15%</td>
</tr>
<tr>
<td>For loans above 10 years</td>
<td>1 year MCLR+SP+2.95%</td>
</tr>
</tbody>
</table>

11. Maintenance

Vendors will mandatorily provide AMC for a period 5 years from the date of commissioning of the systems including insurance coverage for the installed systems against natural calamity and theft.

12. Repayment

- **Component A**: The Repayment period of the loan will be based on the estimated revenue from power generation, with maximum period 15 years including moratorium period (Maximum moratorium period 6 months). Repayment frequency will be monthly/ bi monthly/ Quarterly based on Cash Flow as per tripartite with the DISCOM for the revenue generated from the power plant and other income of the farmer.
| Component B & C: Maximum period of 10 years including maximum moratorium period of 6 months. The repayment will be in monthly/quarterly/half yearly installment based on income generated from power unit and harvesting season.  
| The beneficiary may repay the loan installment with interest earlier than the period if he so desires without any pre-payment charges. |

| 13. Disbursement | **Component A:** The disbursement will be made directly to the MNRE-approved manufacturers / suppliers of the systems after ensuring the promoters margin.  
| **Component B & C:** The disbursement will be made directly to the MNRE-approved manufacturers / suppliers of the systems subject to fulfillment of the following:  
| ➢ After installation of the system and after acceptance of the project completion report and release of full and final CFA.  
| ➢ After obtaining a letter from the borrower to the effect that the system has been installed to his satisfaction  
| ➢ Authorizing the bank to disburse the loan amount to the supplier directly. |

| 14. Classification | Priority Sector (Agriculture) |

| 15. Processing Charges/documentation charges – upfront fee. | As per banks extant guidelines applicable for agriculture advance. |

| 16. Other Service Charges | As per banks extant guidelines |

| 17. Criteria for selection of Eligible Borrower | The selection of beneficiaries and implementation of scheme would be as per the criteria specified by State Implementation Agency/MNRE from time to time. |

| 18. Other Terms & Conditions | **Component A:**  
| ➢ A tri-partite agreement may be signed between DISCOM, Farmer and Bank, wherein the DISCOM will directly deposit the loan EMI through revenue of sale of electricity and pay the adjusted amount to farmer. Tri-partite agreement to be vetted by Banks legal department.  
| ➢ The farmers / developers can also avail the benefit of credit guarantee package (CGTMSE) by registering them as MSME. If the borrower is availing the facility under CGTMSE, he has to comply all the guidelines applicable for CGTMSE.  
| ➢ The Renewable Energy Based Power plants under Component A, will be preferably installed within 5 KM radius of the sub stations in order avoid high cost of sub transmission lines and to reduce transmission losses.  
| ➢ The power purchase agreement between Renewal Power Generator (RPG) and Distribution Companies (DISCOMs) will be 25 years from Commercial Operation Date (COD) of the project. |
If the eligible beneficiaries are not able to arrange equity required for setting up the Renewable Energy Based Power Plant (REPP), they can opt for developing the REPP through developer(s) or even through local DISCOM, which will be considered as Renewable Power Generator (RPG). In such a case the land owner will get lease rent as mutually agreed between the parties.

The Renewable Energy Based Power Plant (REPP), under the scheme will be implemented primarily on barren/ uncultivable land.

Agricultural land is also permitted under the scheme provided that solar plants are installed in stilt fashion (i.e. raised structure for installation of Solar Panels) and with adequate spacing between panel rows for ensuring the farming activity is not affected.

Internal Credit Rating to be carried out as per BOBRAM rating.

Financial ratios applicable for MSME units as per Global Credit Exposure Management Policy.

Assessment will be as per banks extant guidelines for MSME units.

Component B:

Individual farmers will be supported to install standalone solar Agriculture pumps of capacity up to 7.5 HP for replacement of existing Diesel Agriculture Pumps/ Irrigation systems in off grid areas, where grid supply is not available. Installation of new pumps shall also be permitted under this scheme except in dark zones areas.

The capacity can be higher than 7.5 HP but financial support (CFA) will only be provided up to 7.5 HP capacity.

New Solar Agriculture Pumps will not be covered under this component in Dark Zones/ Black Zones. However, existing standalone diesel pumps, can be converted into standalone solar pumps in these areas provided they use micro irrigation techniques to save water.

Water user association and community/ cluster based irrigation system will also be covered under this component. However, priority will be given to small and marginal farmers.

Preference will be given to the farmers using Micro irrigation Systems or covered under Micro Irrigation Schemes or opt for Micro Irrigation System,

The size of the pump will be selected on the basis water table in the area, land covered and quantity of water required for irrigation.

Whenever the grid reaches in the off grid area, the standalone Solar Agriculture Pumps can be connected to the grid to feed surplus power depending on the grid capacity.
- The Vendor will provide AMC for 5 years from the date of installation including insurance coverage for the installed systems against natural calamities and theft, real time monitoring, helpline, district level service centres and comply standard of performance in dealing with complaints/redressal mechanism.
- This can be also considered under BKCC under investment line of credit.

**Component C:**

- Individual farmers having grid connected agriculture pump will be supported to solarise pumps. Solar PV capacity up to two times of pump capacity in kW is allowed under the scheme. However, state may specify lower solar PV capacity in kW, which in any case shall not be less than pump capacity in HP.
- The farmer will be able to use the generated solar power to meet the irrigation needs and the excess solar power will be sold to DISCOMs.
- In order to minimize the water usage for irrigation purpose, preference will be given to the farmers using Micro irrigation Systems or covered under Micro Irrigation Schemes or who opt for Micro Irrigation System.
- The Solar power fed in the grid and solar power utilized by farmer both will be accounted for fulfillment of Solar RPO by the DISCOMs.
- In case of Dark Zones/ Black Zones only existing grid connected pumps will be solarized provided they use micro irrigation techniques to save water.
- DISCOM will purchase excess power from the farmer at the rate decided by the respective State/ SERC (State Electricity Regulatory Commission). The DISCOMs will ensure must run status to the solarized feeders and will keep such feeders “ON” during sunshine hours of a day.
- Selected vendors shall be responsible for all aspects of solarisation viz. design, supply, installation and commissioning. Vendors will mandatorily provide AMC for a period of 5 years from the date of commissioning of the systems including insurance coverage for the installed systems against natural calamities and theft.
- This can be also considered under BKCC under investment line of credit.

<table>
<thead>
<tr>
<th>19</th>
<th>Other terms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In case any ambiguity in interpretation of any of the provisions of these guidelines, the decision of the Ministry shall be final.</td>
</tr>
<tr>
<td></td>
<td>All other guidelines issued by Ministry of New and Renewable Energy under PM KUSUM scheme is to be followed. The guidelines would be reviewed by the ministry from time to time and necessary modifications would be incorporated after getting approval from MNRE.</td>
</tr>
</tbody>
</table>
- Security charged should be insured during the currency of the loan as per banks extant guidelines.
- All other Bank’s usual Terms & Conditions and extant guidelines are to be complied while sanctioning/ dealing with the accounts under this scheme.

<table>
<thead>
<tr>
<th>20</th>
<th>Other benefits</th>
</tr>
</thead>
</table>
|    | As per notification No. R-11016/2/2020-I&P issued by Ministry of Agriculture & Farmers Welfare, Department of Agriculture, Cooperation & Farmers Welfare, Government of India dated 25.09.2020 “Central Sector Scheme for financing facility under Agriculture Infrastructure Fund Scheme can be converged/ dovetailed with PM KUSUM Scheme for setting up of standalone solar pumping system under Component B and solarisation of grid connected agriculture pump under Component C of the scheme. The loan component can be converged where such facility is created by group of farmers organized as Self Help Group / Joint Liability Group/ Water User Association (If same is registered as SHG or JLG)/ Cooperatives and similar other forms being eligible for availing facility of Agriculture Infrastructure Fund as it creates community farming assets”. In such cases, Interest subvention as applicable to Agriculture Infrastructure Funds will also be available, if such units are complying the criteria for interest subvention under Scheme for Financing under Agriculture Infrastructure Fund.
बैंक ऑफ़ इंडिया  
प्रधान कार्यालय  

बीय-ग्रामीण  

परिपक्व सं.: 114/139  

विषय: ग्रामीण/2020-21/  

उप-विषय: सामान्य/  

संदर्भ: प्रका/ग्रामीण/केंद्रीय/  

दिनांक: 30.09.2020  

समस्त शाखाओं/कार्यालयों के लिए परिपक्व  

केंद्रीय क्षेत्र योजना - प्रधानमंत्री किसान उर्जा सुरक्षा एवं उत्थान महाभिषेक (पीएम कुशुम) योजना के अंतर्गत  
“स्टार कृषि उर्जा योजना” (एस.के.यू.एसा) की शुरुआत  

नवीन और नवीकरणीय उर्जा मंडल के महत्व से, भारत सरकार ने किसानों के लिए एक योजना अर्थात प्रधानमंत्री किसान उर्जा सुरक्षा एवं उत्थान महाभिषेक (पीएम कुशुम) योजना की शुरुआत की है।  

2. संस्थापत पृष्ठभूमि:  
राष्ट्रीय स्तर पर अपेक्षित निधारित योगदान (आई.एन.डी.सी.) के भाग के रूप में, भारत वर्ष 2030 तक गैर-जीवाश्म इंधन स्रोतों से विद्युत उर्जा की स्थापित क्षमता की हिस्सेदारी को 40% तक बढ़ाने के लिए प्रतिबद्ध है।  

केंद्रीय मंडिर्मंडल ने वर्ष 2022 तक सौर उर्जा लक्ष्य को ग्रिड कोमोटेक सौर उर्जा परियोजनाओं के 20,000 एमडीब्ल्यू से बढ़ाकर 1,00,000 एमडीब्ल्यू करने का आमंत्रण किया है।  

चूँकि 2022 तक 100 जीडीब्ल्यू के सौर उर्जा स्रोत के महत्वपूर्ण लक्ष्य को प्राप्त करने के लिए बड़े स्तर पर सौर उर्जा स्रोत परियोजनाओं को स्थापित किया जा रहा है, 2 मेगावाट स्रोत का विकास सौर उर्जा मंडल के महत्वपूर्ण सौर उर्जा एवं अन्य सूर्य स्रोत परियोजनाओं को साथ-साथ विकसित करने की योजना बनायी गई है जिसे वितरण कम्पनी के बौद्धिक 33/11 केवल या 66/11 केवल या 110/11 केवल के सब-स्टेशनों से सीधे जोड़ा जा सके, इस प्रकार, ट्रांसमिशन एंड डिस्ट्रीब्यूशन (टीएनडी) हार्मोनिया के अन्तर्गत ट्रांसमिशन सिस्टम आवश्यकता में बढ़ती होती है। इन सब-स्टेशनों के निकट ऐसी परियोजनाओं का विकास आवश्यक है, जिसमें अन्य नवीकरणीय उर्जा आधारित परियोजनाओं के लिए उनके बंजर एवं गैर-सिध्दित भूमि का उपयोग करते हुए उनकी आय को बढ़ाने का अवसर प्रदान किया जा रहा है। यही स्थिति पर सौर परियोजनाओं को स्थापित किया जाता है, जहां स्टिल्ट के नीचे फसल उगाई जा सकती है तथा वितरण कम्पनी (डिस्ट्रीब्यू) को नवीकरणीय उर्जा शक्ति को बेचा जा सकता है, तो वहाँ सिध्दित भूमि का भी उपयोग किया जा सकता है।  

इसके अतिरिक्त, विक्रेतायकृत नवीकरणीय उर्जा का विकास करने के साथ-साथ डीजल पन्नों को सोलर वॉटर पप्पों एवं सोलर इंज ग्रिड कोमोटेक वॉटर पप्पों से बदलने की भी योजना बनायी गई है।
3. वर्तमान में, भारत में 30 मिलियन से अधिक कृषि पर्यावरण स्थापित किए गए हैं, जिनमें से लगभग 10 मिलियन पर्यावरण ही डीजल आधारित हैं। वितरण कम्पनियाँ बिड कपेकशन के माध्यम से इन पर्यावरणों को ऊज्ज को नियंत्रण करने की स्थिति में नहीं हैं क्योंकि ऐसी वितरण कम्पनियों के पास लम्बी प्रतिकृति सूची है। इसलिए, इन पर्यावरणों को ऊज्ज को माध्यम से ऊज्ज प्रदान करने की आवश्यकता है।

साथ ही, देश में स्थापित 20 मिलियन से अधिक बिड कनेक्टड वॉर्ट पर्यावरण देश की कुल वाणिज्यिक विद्युत खपत के 17% से अधिक खपत करते हैं। इनका सोलरशेअन वितरण कार्यक्रम कम्पनियों द्वारा प्रदान किए गए तरलप्रकाश ऊज्जों और जलवायु पर इन पर्यावरणों की नियंत्रण को कम कर सकता है और इस प्रकार यह विद्युत की कृषि खपत संबंधी उनकी आर्थिक सहायता के बीजों को कम करेगा। यह उन किसानों को आय का अंतिमक सौंदर्य उन्हें उपलब्ध कराएगा जो वितरण कम्पनियों को अधिक ऊज्ज वेचने की स्थिति में होंगे।

इस नई योजना में विक्रेतायुक्त नवीकरणीय ऊज्ज परियोजनाओं, सोलर वॉर्ट पर्यावरण एवं मौजूदा बिड कनेक्टड वॉर्ट पर्यावरण के सोलरशेअन द्वारा प्राप्त है।

4. भारत सरकार ने निम्नलिखित घटकों के साथ किसानों के लिए नई योजना की शुरुआत की है:

i. घटक-ए: विक्रेतायुक्त ब्राउंड/स्टिल्स माउंटेड बिड कनेक्टड सोलर या अन्य नवीकरणीय ऊज्ज आधारित पॉवर प्लांट (सिंचित भूमि पर रखे गए स्टिल्सेंट पर पॉवर प्लांट की अनुमति है जहां बंजर भूमि के अलावा फसल भी उगाई जा सकती है);
ii. घटक-बी: 17.50 लाख स्टैट्स-अलोन सोलर वॉर्ट पर्यावरण की स्थापना; तथा
iii. घटक-सी: 10 लाख बिड कनेक्टड वॉर्ट पर्यावरण का सोलरशेअन।

घटक-ए एवं घटक-सी का कार्यान्वयन आर्थिक रूप में क्रमशः 1000 एमडब्ल्यू अधिकता तथा एक लाख बिड कनेक्टड वॉर्ट पर्यावरण हेतु शुल्क ली जाएगी तथा घटक-बी को कुल रूप में 19,036.50 क्रोड की केंद्रीय सरकार की सहायता से पूरी तरह से कार्यान्वित किया जाएगा। घटक-ए एवं घटक-सी के पायलट प्रोजेक्ट के सफल कार्यान्वयन के बाद, उसे कुल रूप में 15,385.50 क्रोड की केंद्रीय सरकार की सहायता से पायलट फेिज से सीधे हुए आवश्यक संबंधों के लिए बढ़ाया जाएगा।

सभी तीनों घटकों का उद्देश्य कुल केंद्रीय वित्तीय सहायता रूप में 34,422.00 क्रोड से 2022 तक 25,750 एमडब्ल्यू अधिकता को प्राप्त करना है। संक्षेप में स्थिति निम्नानुसार है:-

<table>
<thead>
<tr>
<th>घटक</th>
<th>योजना के अंतर्गत परियोजनाकृति श्रमाचा</th>
<th>यूनिट लागत</th>
<th>केंद्रीय एवं राज्य आर्थिक सहायता</th>
<th>किसान का योगदान</th>
<th>बैंक वित्त</th>
</tr>
</thead>
<tbody>
<tr>
<td>घटक-ए छोटे सौर ऊज्ज प्लांट</td>
<td>10000 मेगावॉट</td>
<td>3.50 करोड/ मेगावॉट</td>
<td>0</td>
<td>30% रू.1.05 करोड</td>
<td>70% रू.1.05 करोड</td>
</tr>
<tr>
<td>घटक-बी स्टैट्स-अलोन पॉवर प्लांट</td>
<td>17.5 लाख पॉवर</td>
<td>3.25 लाख/पॉवर</td>
<td>60% रू.1.95 लाख</td>
<td>10% रू.0.33 लाख</td>
<td>30% रू.0.97 लाख</td>
</tr>
<tr>
<td>घटक-सी बिड प्लांट का सौरीकरण</td>
<td>10 लाख पॉवर</td>
<td>4.50 लाख/पॉवर</td>
<td>60% रू.2.70 लाख</td>
<td>10% रू.0.45 लाख</td>
<td>30% रू.1.35 लाख</td>
</tr>
</tbody>
</table>
5. इसके अंतिमत, भारतीय रिजर्व बैंक ने अपने निदेश एफआईडी.सी.ओ.प्लान बीसी.5/04.09.01/2020-21 दिनांक 4 सितंबर, 2020 के माध्यम से प्राथमिकता प्राप्त क्षेत्र उद्धार - लक्ष्य एवं वर्गीकरण के दिशानिर्देशों में संशोधन किया है, जिसमें कृषि ऋण के अंतर्गत सोलर वित्तपोषण भी शामिल है -  
   > एकल सोलर पम्प को संस्थापित करने तथा बिड ने जोड़े गए पम्प के सोलरराइजेशन के लिए किसानों को ऋण देना।  
   > किसान के स्वामित्व वाली कृषि भूमि पर स्टिल्ट फेशन में या बंजर भूमि पर सोलर पावर फ्लाइट के संस्थापन के लिए किसानों को ऋण देना।

6. यह सूचित किया जाता है कि यह भारत सरकार द्वारा आरंभ की गई कृषि अवसरजना कोष योजना में भी कवर किया जाए। विस्तृत दिशानिर्देश अभी जारी किये जाने हैं।

7. हमारा बैंक 2012 से ही सोलर आधारित पम्प सेट हेतु वित्तपोषण कर रहा है। प्र.का.शा.प. सं.106/117 दिनांक 01.11.2012 के माध्यम से दिशानिर्देश जारी किये गए थे। तथापि, पीएम कुसुम (PM KUSUM) के अंतर्गत दिशानिर्देशों में नवीनतम परिवर्तन एवं विस्तृत क्षेत्र के साथ नये उत्पादों के जुड़ने के कारण हमारे बोर्ड के अपनी बैठक दिनांक 23.09.2020 में "स्टार कृषि ऋण योजना" (एसकेयूएस) नाम से नयी क्रेडिट योजना अनुमोदित की है। हमारी शाखाओं में कार्यान्वयन हेतु योजना का विस्तृत विवरण अनुलग्नकर (ए, बी, सी, डी, ई एवं एफ) के रूप में संलग्न है। "स्टार कृषि ऋण योजना" (एसकेयूएस) पहले की योजना का विस्तार लेंगी।

8. इसके बाद योजना में या योजना के अन्य कार्यान्वयन दिशानिर्देशों में संशोधन, यदि कोई हो, अलग से सूचित किए जाएंगे।

9. सभी शाखाओं को सूचित किया जाता है कि कडाेरूत्व अनुपालन के लिए दिशानिर्देशों का पालन करें।

10. किसी स्पष्टीकरण के लिए/संदेह की स्थिति में अपने आंचलिक/एनबीजी कार्यालय के माध्यम से हमसे संपर्क करने में संकोच न करें।

(निलिंग देशपांडे)  
महाप्रबंधक
Launching of “Star Krishi Urja Scheme” (SKUS) 
Under Central Sector Scheme – Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM KUSUM) Scheme

Government of India, through Ministry of New and Renewable Energy has launched a Scheme for farmers viz. Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM KUSUM) Scheme.

2. **Brief Background:**

As a part of Intended Nationally Determined Contributions (INDCs), India has committed to increase the share of installed capacity of electric power from non-fossil fuel sources to 40% by 2030.

The Cabinet had approved scaling-up of solar power target from 20,000 MW of Grid Connected Solar power Projects to 1,00,000 MW by 2022.

While Large Scale Solar power generation projects are being installed to achieve the ambitious target of 100 GW of Solar Power generation by 2022, it has been planned to simultaneously develop decentralized Solar energy and other renewable energy generation Plants of capacity up to 2 MW which could be connected directly to existing 33/11 kV or 66/11 kV or 110/11 kV sub-stations of Distribution Company, thus saving in transmission system requirement apart from Transmission & Distribution (T&D) losses. Such plants near these sub-stations may be developed, preferably by farmers, giving them an opportunity to increase their income by utilising their barren and uncultivable land for solar or other renewable energy based power plants. Cultivable land may also be used if the Solar plants are set up on stilts where crops can be grown below the stilts and sell Renewal Energy power to DISCOMs.

Besides, developing decentralized renewable power, it is also planned to replace Diesel pumps with Solar Water pumps and Solarize Grid connected water pumps.
3. At present, over 30 million agricultural pumps are installed in India, out of which nearly 10 million pumps are diesel based. The Distribution Companies (DISCOMs) are not in a position to energize these pumps through grid connection as seen from the long waiting lists with such Distribution Companies. Hence there is a need to provide energy to these pumps through solar energy.

Also, over 20 million grid-connected water pumps installed in the country consume more than 17% of total annual electricity consumption of the country. Solarization of the same can reduce dependence of these pumps on conventional sources of energy supplied by DISCOMs and thus reducing their burden of subsidy on agriculture consumption of Electricity. This will also provide additional source of income to farmers who will be in a position to sell the surplus power to DISCOMs.

The new Scheme has provision for the decentralised renewable energy plants, Solar water pumps and solarisation of existing Grid connected water pumps.

4. The Government of India has launched New Scheme for Farmers with following components:

i. Component-A: Setting up of 10,000 MW of Decentralized Ground/ Stilt Mounted Grid Connected Solar or other Renewable Energy based Power Plants (Power Plants are permitted on cultivable land on stilts where crops can also be grown apart from barren land);

ii. Component-B: Installation of 17.50 Lakh Stand-alone Solar Water Pumps; and

iii. Component-C: Solarisation of 10 Lakh Grid Connected Water Pumps.

The Component-A and Component-C will be implemented initially on pilot mode for 1000 MW capacity and one lakh grid connected water pumps respectively and Component-B will be implemented in full-featured manner with total Central Government support of Rs.19,036.50 crore. After successful implementation of pilot project of Components A and C, the same shall be scaled up with necessary modifications based on the learning from the pilot phase with total Central Government support of Rs.15,385.50 crore.

All the three components of the scheme aim to add Solar capacity of 25,750 MW by 2022 with the total Central Financial Support of Rs.34,422 crore. Summarized position is as under:

<table>
<thead>
<tr>
<th>Component</th>
<th>Projected Capacity under scheme</th>
<th>Unit Cost</th>
<th>Central &amp; State Subsidy</th>
<th>Farmer Contribution</th>
<th>Bank finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component-A Small Solar Power Plants</td>
<td>10000 MW</td>
<td>3.50 cr./ MW</td>
<td>0</td>
<td>30% Rs.1.05 cr.</td>
<td>70% Rs.2.45 cr.</td>
</tr>
<tr>
<td>Component-B Standalone Power Pumps</td>
<td>17.5 Lakh Pumps</td>
<td>3.25 lakh/ Pump</td>
<td>60% Rs.1.95 lakh</td>
<td>10% Rs.0.33 lakh</td>
<td>30% Rs.0.97 lakh</td>
</tr>
<tr>
<td>Component-C Solarisation of Grid Pumps</td>
<td>10 Lakh Pumps</td>
<td>4.50 lakh/ Pump</td>
<td>60% Rs.2.70 lakh</td>
<td>10% Rs.0.45 lakh</td>
<td>30% Rs.1.35 lakh</td>
</tr>
</tbody>
</table>
5. Besides, Reserve Bank of India vide its Directions FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated 4th Sept., 2020 has modified the guidelines on Priority Sector Lending – Targets & Classification, which also includes solar financing under Farm credit—
   - Loans to farmers for installation of solar power plants on barren/fallow land or in still fashion on agriculture land owned by farmer.

6. It is informed that this may also be covered in Agri. Infra Fund Scheme launched by GoI. The detailed guidelines are yet to be issued.

7. Our Bank is already financing for solar based pump sets since 2012. The guidelines were issued vide HOBC No.106/117 dated 01.11.2012. However due to recent change in guidelines and addition of new products with wider scope, a new credit scheme namely “Star Krishi Urja Scheme” (SKUS) has been approved by our Board in its meeting dated 23.09.2020, based on guidelines under PM KUSUM. The details of the scheme are enclosed as per Annexures (A, B, C, D, E & F) for implementation in our branches. Star Krishi Urja Scheme (SKUS) will supersede earlier scheme.

8. Subsequent modifications in the scheme and other implementation guidelines of the scheme if any, will be communicated separately.

9. All branches are advised to follow the guidelines for meticulous compliance.

10. Please do not hesitate to refer to us for any clarifications/ doubts through your Zonal/ NBG Office.

   (NITIN DESHPANDE)
   GENERAL MANAGER
**ANNEXURE-A**

"Star Krishi Urja Scheme" (SKUS)

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Parameters</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Name of Scheme</td>
<td>&quot;Star Krishi Urja Scheme&quot; (SKUS)</td>
</tr>
<tr>
<td>2</td>
<td>Scope of the Scheme</td>
<td>Scheme of financing to farmers under Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhivan (PM KUSUM) Scheme launched by Ministry of New and Renewable Energy.</td>
</tr>
</tbody>
</table>
| 3    | Scheme Component                               | i. Component-A: Setting up of 10,000 MW of Decentralized Ground/ Stilt Mounted Grid Connected Solar or other Renewable Energy based Power Plants;  
      |                                               | ii. Component-B: Installation of 17.50 Lakh Stand-alone Solar Pumps; and  
      |                                               | iii. Component-C: Solarisation of 10 Lakh Grid Connected Pumps.  
| 4    | Target Borrowers                               | Farmers/ Group of Farmers/ Co-operatives/ Farmer Producer Organisations (FPO)/ Water User Associations (WUA)/ Proprietors/ Partners/ LLPs/ Companies, etc.                                                 |
| 6    | Possible Financing Arrangements suggested by MNRE | **Component A:-**  
      |                                               | Loan to Farmer/ Developer - A tri-partite agreement may be signed between DISCOM, Farmer and Bank wherein the DISCOM will directly deposit the loan EMI through revenue sale of electricity and pay the adjusted amount to farmer. States to make policy on mortgaging agriculture land by banks. Financing facility under Agri .Infra. Fund may be provided. Credit may be extended to DISCOM, Water User Groups (WUG) / Farmer Co-Operatives (FCO)/ Farmer Producer Organisations (FPO).Suitable de-risking strategy may be worked out by Banks.  
      |                                               | **Component B:-**  
      |                                               | a) Loan to Individual Farmers:-  
      |                                               | b) Loan to WUG/FCO/FPO by covering under Agri. Infra Fund with concessional facility.  
      |                                               | c) Corporate buyer guarantee model for Individual farmer. In case corporate buyer is buying agriculture produce of the farmer through long term contract, the corporate buyer may provide guarantee to banks. Can be covered under Agri. Infra Fund to group of farmers.  
      |                                               | **Component C:-**  
      |                                               | a) Loan to Individual Farmers: - DISCOM may tie-up with banks for providing loans to willing farmers. Surplus can be sold to DISCOM, will be additional income to farmers.  
      |                                               | b) Loans to DISCOMS.  
      |                                               | c) Loan to WUG/FCO/FPO by covering under Agri. Infra Fund with concessional facility.  
      |                                               | d) Feeder level Solarisation: - Through loan from NABARD.  

**NOTE:** During the deliberation in the VC, it was informed that the Department will endeavor to cover these schemes under Agri Infra Fund launched by Government of India. The guidelines are yet to be issued.
Credit Limit

There is no minimum or maximum credit limit stipulated. However, we propose to give preference for projects / loans covered under Priority Sector – Agriculture as below:

- Loans to farmers for installation of solar power plants on barren/fallow land or in stilts on agriculture land owned by farmer.

MNRE has estimated investment cost in these projects as below:

<table>
<thead>
<tr>
<th>Component</th>
<th>Unit Cost</th>
<th>Central &amp; State Subsidy</th>
<th>Farmer Contribution</th>
<th>Bank finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component-A Small Solar Power Plants (Minimum 500 KW to 2 MW)</td>
<td>3.50 cr./ MW</td>
<td>0</td>
<td>30% Rs.1.05 cr.</td>
<td>70% Rs.2.45 cr.</td>
</tr>
<tr>
<td>Component-B Standalone Power Pumps</td>
<td>3.25 lakh/ Pump</td>
<td>60% Rs.1.95 lakh</td>
<td>10% Rs.0.33 lakh</td>
<td>30% Rs.0.97 lakh</td>
</tr>
<tr>
<td>Component-C Solarisation of Grid Pumps</td>
<td>4.50 lakh/ Pump</td>
<td>60% Rs.2.70 lakh</td>
<td>10% Rs.0.45 lakh</td>
<td>30% Rs.1.35 lakh</td>
</tr>
</tbody>
</table>

The same is indicative as per present scenario, which may be taken as indicative cost while financing these projects initially. The cost of pumpset may vary depending upon HP., required by farmers. The cost escalation over the period of the time may be considered.

Margin

Component A : 30% margin
Component B & C:

a) For loans up to Rs.160000/- : NIL
b) For loans above Rs.160000/-: Minimum 10% by way of promoter contribution. Govt. subsidy will be over and above promoter’s margin.

Subsidy

Details of subsidy are given in Point-7 above. The subsidy will be shared by Central Government (30%) and State Government (30%). The beneficiaries will be eligible for 60% subsidy under the scheme (for Component B & C).

Subsidy claims procedure will be circulated after receipt of detailed guidelines.

Rate of Interest

ROI to be charged as per HOB No.113/236 dated 28.02.2020 as applicable to Agriculture Advances. Any subsequent changes thereafter will be applicable accordingly.

Security

Security norms will be applicable as per Circular Letter No.2018-19/120 dated 26.02.2019.

Before release of limits, valid charge over the securities (Primary/Collateral) to be created as per Bank’s guidelines to safeguard Bank’s interest.

In case the unit is located at leased premises (private lease), the sanctioning authority has to follow Bank’s extant guidelines regarding sanction of loan against private leased property. Branch to follow the guidelines circulated vide HO BC No 99/149 dated 28.12.2005 and 100/9 dated 19.04.2006.
<table>
<thead>
<tr>
<th>12</th>
<th>Type of Facility</th>
<th>Term Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Repayment</td>
<td>For Component A: Depending upon cash flows - maximum upto 10 years For Component B &amp; C: minimum 5 to 7 years. Repayment to be linked with cropping pattern.</td>
</tr>
<tr>
<td>14</td>
<td>Moratorium</td>
<td>For Component A: 9 months for commissioning is stipulated from date of issuance of LoA. Moratorium to be kept in view of this as well as terms of contract/ LoA. Component B &amp; C: Needbased moratorium</td>
</tr>
<tr>
<td>15</td>
<td>Pre/post sanction</td>
<td>To be carried out as per extant guidelines</td>
</tr>
<tr>
<td>16</td>
<td>Credit Rating/ Investment Grade</td>
<td>As per HOBC No.104/96 dated 16.11.2010, Internal Credit Rating is not required for pumpsets. Hence, Internal Credit Rating will not be applicable for Component B &amp; C. Internal Credit Rating will be required to be carried out for Component A as below: Internal Credit Rating – upto entry level (i.e. SBS/SME/MS-5) External Credit Rating – Not Applicable In case internal credit rating is not applicable, branch may treat the account as entry level norm. Exposure below entry level norm should not be considered.</td>
</tr>
<tr>
<td>17</td>
<td>Risk Weight</td>
<td>Risk Weight in the accounts should not be more than 100%.</td>
</tr>
<tr>
<td>18</td>
<td>Registration of charge with CERSAI/ROC</td>
<td>Charges with CERSAI/ROC, etc. to be registered as per guidelines of the Bank, if applicable.</td>
</tr>
<tr>
<td>19</td>
<td>Service Charges</td>
<td>Applicable service charges as per HOBC No.112/129 dated 12.12.2018 to be charged as applicable to agricultural advances.</td>
</tr>
<tr>
<td>20</td>
<td>TEV Study</td>
<td>In terms of HOBC 110/161 dated 28.11.2016, TEV study is applicable for accounts with aggregate credit limits of Rs.10.00 crore or cost of project is more than Rs.20.00 crore and above. Since loan amount is lower than Rs.10 crore, TEV Study is not applicable.</td>
</tr>
<tr>
<td>21</td>
<td>Free Codes</td>
<td>Free Code – 152. It will be mandatory for all branches to incorporate the same while opening account in CBS.</td>
</tr>
<tr>
<td>22</td>
<td>Delegation</td>
<td>As per extant guidelines. However, power specific policy will not be applicable in the instant case, as the proposed finance will be covered under Priority Sector Advance as per details mentioned below in Point-23.</td>
</tr>
<tr>
<td>23</td>
<td>ACC Approval</td>
<td>As per HOBC No.112/24 dated 22.05.2018, priority sector advances are exempted from ACC approval. Hence ACC approval is not required. As per HOBC No.113/154 dated 25.09.2019, power sector Bank's lending policy – All new proposals may be considered only at HO level as this is a specialised financing. However, in the instant case, RBI has included Solar Power Renewable Energy under farm credit (Priority Sector) and considering the quantum of limit less than Rs.10 crore, we propose for waiver of taking ACC approval/ sanction from Head Office as per industry specific policy applicable to power sector.</td>
</tr>
<tr>
<td>24</td>
<td>Due Diligence</td>
<td>All necessary due diligence as per KYC norms viz. verification of CIBIL/RBI defaulters list/ ECGC SAL/ CFR/ CRILC, etc. are to be carried out and ensure that the findings are satisfactory. Branches to follow the extant guidelines related to Due Diligence on KYC issued by HO from time to time. Branches to check CRILC data for verifying SMA status and total o/s. If the exposure is less than Rs.5.00 crore, branches to obtain CIBIL report of the promoters.</td>
</tr>
</tbody>
</table>
| 25 | Other guidelines          | i. Viability aspects of projects should be looked into as per extant guidelines  
    |                              | ii. CPA to be carried out as per extant norms based on the amount of loan sanctioned under the scheme  
    |                              | iii. Reporting under PSRS as per extant norms.  
    |                              | iv. End use of fund is to be ensured as per extant guidelines  
    |                              | v. Inspection to be carried out as per bank's guidelines.  
    |                              | vi. All necessary permissions to be obtained.  
    |                              | vii. Permission of the lessor in case lease hold property to be mortgaged (if Applicable).  
    |                              | viii. ZLCC to give clearance related to mortgage / creation of security in cases of leased lands.  
    |                              | ix. Copy of Performance Bank Guarantee between Renewable Power Generator (RPG) and DISCOM to be kept on record, if applicable.  
    |                              | x. Copy of Power Purchase Agreement between Renewable Power Generator (RPG) and DISCOM to be kept on records, if applicable.  
    |                              | xi. For the loans sanctioned under this scheme the Bank Guarantee must be issued after complying the extant guidelines related to issuance of guarantees.  
    |                              | xii. All other terms/guidelines as per credit policy/ manual of instructions to be followed.  
| 26 | Documentation             | i) Documents to be executed before disbursement and to be obtained as per extant guidelines.  
    |                              | ii) Creation of register mortgage/EQM/Noting of charges with SRO to be done as per extant guidelines.  
    |                              | iii) Charges with ROC/CERSAI to be registered as per guidelines for both primary/collateral security, wherever applicable.  
| 27 | Classification of Advance | Classification of advance required to be done as per HOBC No-114/124 Dtd-09.09.2020, regarding Master Directions – Priority Sector Lending (PSL) – Targets and Classification. (RBI Master Directions FIDD.CO.Pl.5/04.09.01/2020-21 dated September, 04, 2020)  
| 28 | Detailed operational guidelines | Component A : As per Annexure B  
    |                              | Component B : As per Annexure C  
    |                              | Component C : As per Annexure D  
| 29 | Standard Power Purchase Agreement | As per Annexure-E  
| 30 | Model Lease Agreement     | As per Annexure-F |
**ANNEXURE-B**

**“Star Krishi Urja Scheme” (SKUS)**

Component-A: Setting up of 10,000 MW of Decentralized Ground/ Stilt Mounted Grid Connected Solar or other Renewable Energy based Power Plants:

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Parameters</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Implementation mechanism</td>
<td>Under this component, solar or other renewable energy based power plants (REPP) of capacity <strong>500 kW to 2 MW</strong> will be setup by individual farmers/ group of farmers/ cooperatives/ panchayats/ Farmer Producer Organisations (FPO)/Water User associations (WUA) hereinafter called Renewable Power Generator (RPG). However, States/DISCOMs may allow setting-up of solar or other renewable energy based power plants of capacity less than 500 kW in specific cases. The REPP will be preferably installed within five km radius of the sub-stations in order to avoid high cost of sub-transmission lines and to reduce transmission losses. The Distribution companies (DISCOMs) will notify sub-station wise surplus capacity which can be fed from such RE power plants to the Grid and shall invite applications from interested beneficiaries for setting up the renewable energy plants. The renewable power generated will be purchased by DISCOMs at a pre-fixed levelised tariff. In case, the aggregate capacity offered by Applicants is more than notified capacity for a particular sub-station, bidding route will be followed by DISCOMs to select Renewable Power generator and in such cases the pre-fixed levelised tariff will be the ceiling tariff for bidding. Selection of bidders will be based on the lowest tariff offered in the ascending order as quoted by the bidders in the closed bid or e-reverse auction as the case may be. A model PPA (Power Purchase Agreement) to be executed between RPG and DISCOMs has been prepared by MNRE and attached at Annexure-E. The duration of PPA will be 25 years from Commercial Operation Date (COD) of the project. The total energy purchased from these RE plants will be accounted for fulfillment of RPO by the DISCOM. In case the farmers/ group of farmers/ cooperatives/ panchayats/ Farmer Producer Organisations (FPO)/ Water User associations (WUA) etc. are not able to arrange equity required for setting up the REPP, they can opt for developing the REPP through developer(s) or even through local DISCOM, which will be considered as RPG in this case. In such a case, the land owner will get lease rent as mutually agreed between the parties. The lease rent may be in terms of Rs per year per acre of land or in terms of Rs per unit energy generated per acre of land area. The farmer(s) may opt for payment of lease rent directly in their bank account by the DISCOM, from the payment due to the developer. A model Land Lease Agreement to facilitate the beneficiaries has been prepared by MNRE and is attached at Annexure-F. However, the terms of Land Lease Agreement may be finalised on mutual consent of concerned parties.</td>
</tr>
</tbody>
</table>
The REPP under the scheme would be implemented primarily on Barren/uncultivable land. Agricultural land is also permitted under the scheme provided that solar plants are installed in stilt fashion (i.e. raised structure for installation of Solar panels) and with adequate spacing between panel rows for ensuring that farming activity is not affected. The RPG would be free to adopt any renewable energy source or technology while responding to the bid. However, in case of cultivable land with solar plants, the same may be installed on stilts, so that the farmers continue to cultivate the land, apart from getting the benefit of lease rent. In such a case DISCOM may also float bids (in case of specific substations) where setting up of solar projects on stilts may be mandatorily required, and bids for energy tariff invited accordingly.

### Selection and Implementation of Decentralised Renewable Energy Power Plants

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

#### i) Notification of sub-station wise generation capacity

DISCOM shall assess and notify RE generation capacity that can be injected in to all 33/11 kV or 66/11 kV or 110/11 kV sub-station of rural areas and place such notification on its website for information of all stakeholders. To facilitate farmers willing to lease out their land for development of RE plants near above notified substation(s), as per provisions of this scheme, DISCOM may also place list of such farmers on their website.

However, the leasing of land of any farmers will be a bi-partite agreement between the farmer and the developer and DISCOM will not be held responsible for failure in getting the land leased out to a developer. To meet additional demand DISCOM will augment the capacity of sub-station under IPDS or any other scheme.

#### ii) Expression of Interest (EoI) for Short-listing of RPG

DISCOM or any agency authorized by the DISCOM shall invite 33/11 kV or 66/11 kV or 110/11 kV sub-station wise EoI from RPG to participate in selection process for development of decentralised renewable power plants. The RPG shall submit their interest against the EoI as per the schedule notified by DISCOM. An RPG will not be allowed to apply for more than one renewable power plant for a particular 33/11 kV sub-station. The EoI of an RPG will also be disqualified if it is found that its proprietor/ partner/ director/ member has also filed EoI as proprietor/ partner/ director /member for another RPG for the same sub-station.

The DISCOM or any agency authorized by the DISCOM may request to submit non-refundable processing fee from the interested RPGs, which in no case shall be higher than Rs.5000/- per MW or part thereof of the capacity applied for.

In order to ensure only quality systems are installed, prevailing MNRE/BIS specifications and quality control orders applicable for solar modules, inverters, BoS and other equipment shall be followed. In case of REPP being developed by a developer, the Net Worth of the developer should not be less than Rs.1.00 crore per MW (of the capacity applied). This shall not be applicable for farmers, cooperative or panchayats or Farmer Producer Organisations (FPO)/ Water User associations (WUA) or farmers setting up REPP in their own lands.
iii) Selection of REPP
In case the total aggregate capacity of eligible applications received for a particular sub-station is less than or equal to the capacity notified for connectivity at the sub-station, LoA will be awarded to all eligible applicants for procurement of renewable power at a pre-fixed levelised tariff. In case the total aggregate capacity of eligible application received for a particular sub-station is more than the capacity notified for connectivity at the sub-station, then DISCOM or any agency authorized by the DISCOM shall invite Bids from all these applicants. All eligible applicants will have to submit tariff bids within the prescribed time. Selection of bidders will be based on the lowest tariff offered in the ascending order as quoted by the bidders in the closed bid or e-reverse auction as the case may be. LoA will be awarded to all successful bidders.

iv) Connectivity with the sub-station
REPP of capacity up to 2 MW may be connected at 11 kV side of sub-station and the selected RPG will be responsible for laying of dedicated 11 kV line from REPP to sub-station, construction of bay and related switchgear at sub-station where the plant is connected to the grid and metering is done. The DISCOM will facilitate the RPG in getting right of way for laying of 11 kV line. Alternatively, RPG can get constructed the 11 kV lines through DISCOM by paying the applicable cost and other charges. RPG will be responsible for maintaining this dedicated 11 kV line. In case more than one bidders are awarded projects to be connected to same Sub-station, they shall be permitted to co-ordinate with each other for setting up common transmission line for feeding to Sub-Station if they so desire and with the approval of DISCOM. However, in North Eastern States, Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttrakhand, Lakshadweep and A&N Islands, where States/UTs allows RE plants of capacity less than 500 kW the plant may be connected through LT line subject to technical feasibility and approval by DISCOM. The RPG shall comply grid connectivity and other regulations as applicable.

v) Clearances required from the State Government and other local bodies
The RPG is required to obtain necessary clearances as required for setting up the REPP.

vi) Power Purchase Agreement (PPA)
A copy of standard Power Purchase Agreement to be executed between the DISCOM and the RPG shall be provided by DISCOM along with invitation for submission of EoI. The model PPA agreement shall be as provided by MNRE (Copy enclosed). Within two months of the date of issue of Letter of Award (LoA) by DISCOM or any agency authorized by the DISCOM, the Power Purchase Agreement (PPA) will have to be executed by RPG. The PPA shall be for a period of 25 years from the date of COD. The DISCOM will be obliged to buy the entire power from RPG within the contract capacity. However, the RPG is required to achieve a minimum CUF of 15% on annual basis during the PPA period. However, in case of low Solar radiation zones, minimum CUF can be revised by concerned DISCOM. The RPG will be free to operate the plant after expiry of the 25 years of PPA period if other conditions like land lease, etc., permits. However, any extension of the PPA period beyond 25 years shall be through mutual agreements between the RPG and DISCOM.
As a payment security measure, DISCOM will have to maintain LC and Escrow Arrangement as defined in the PPA.

**vii) Bank Guarantees**
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 en-cashed by DISCOM as penalty. In case any bidder is not selected, DISCOM shall release the EMD within 15 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.

**viii) Commissioning**
The selected RPG shall commission the solar power plant within nine months from date of issuance of LoA. The RPG may commission the REPP during this period of nine months and the DISCOM is obliged to purchase power from that commissioned REPP any time after the issuance of LoA. A duly constituted Committee of DISCOM officials will physically inspect the Plant in not more than 03 days from the date of receiving a call from the RPG and certify successful commissioning of the plant. In case any RPG fails to achieve this milestone, DISCOM shall encash the Performance Bank Guarantee (PBG) in the following manner:

i) Delay upto two months - The PBG on per day basis and proportionate to the balance capacity not commissioned.

ii) In case the commissioning of the solar power plant is delayed over two months, the PPA capacity shall stand reduced / amended to the Project capacity commissioned at the end of 11th month from date of issuance of Letter of Award.

In case of delays of plant commissioning due to the reasons beyond the control of the RPG, DISCOM after having been satisfied with documentary evidences produced by the RPG for the purpose, can extend the time for commissioning date without any financial implications to the RPG.

**ix) Shortfall in minimum generation**
During PPA, if for any year, it is found that the RPG has not been able to generate minimum energy corresponding to CUF of 15% or as prescribed by DISCOMs; such shortfall in performance shall make RPG liable to pay the compensation as provided in the PPA to the DISCOM. This will, however be relaxable to the extent of grid non-availability for evacuation, which is beyond the control of the RPG. Further, this compensation shall not be applicable in events of Force Majeure identified under PPA with DISCOM affecting supply of solar power by RPG.
x) Commercial Operation Date (COD)
The Commercial Operation Date (COD) shall be considered as the actual date of commissioning of the solar power plant as declared by the Commissioning Committee.

xi) Release of PBI to DISCOM
DISCOM would be eligible to get PBI @ Rs.0.40 per unit purchased or Rs.6.6 lakh per MW of capacity installed, whichever is less, for a period of five years from the COD. However, to avail the PBI, DISCOM shall submit following documents after completion of one year from the COD and every year thereafter till five years:
  i) Timely payment of monthly lease rent, if applicable, to the land owner of the project.
  ii) Monthly units purchased from the plant and corresponding payment made to the project developer.

Applicable PBI would be released to the DISCOM after submission of these documents by DISCOM to MNRE.

3 Roles and responsibilities of stakeholders:

(i) Ministry of New and Renewable Energy:
MNRE shall allocate initial capacity of 1000 MW for Pilot Project to DISCOMs based on their demand and readiness for implementation. Pilot projects will be continuously monitored during implementation and also on completion to evaluate their success and a detailed report will be prepared for recommending further scaling up of the capacity under this component. Such evaluation may be done internally of through external agency as per decision of the MNRE.

MNRE will provide Procurement Based Incentive (PBI) to the DISCOMs @ 40 paise/kWh or Rs.6.60 lakh/MW/year, whichever is lower, for buying solar/other renewable power under this scheme. The PBI will be given to the DISCOMs for a period of five years from the Commercial Operation Date of the plant. Therefore, the total PBI that shall be payable to DISCOMs will be Rs.33 Lakh per MW.

(ii) DISCOMs:
The DISCOMs shall have to send their demand for sanction under the scheme along with details on their readiness to implement the Component- A of the scheme.
The concerned DISCOM shall declare the renewable power capacity that can be connected to a 33/11 kV sub-station and carry-out the procedure for selection of RPG. On selection of RPG, DISCOMs shall issue the LoA and sign PPA with RPG. DISCOMs will provide connectivity at the sub-station to the selected RPG. The DISCOMs will ensure “must-run” status to the solar/other renewable power plants installed under this scheme and will keep the feeders ‘ON’ during sunshine hours of a day. They shall act as facilitator to the beneficiaries in implementation of this scheme.

In case, RPG has taken land from a farmer/group of farmers on lease for the project, the amount of monthly lease rent would be paid by the DISCOMs to the lessor directly in his/her bank account before 5th day of the month following the month for which the lease rent is due. In such a case, the lease rent paid by the DISCOM will be deducted from monthly payment due to the RPG.
(iii) State Nodal Agency (SNA):
State Nodal Agency (SNA) will coordinate with States/UTs, DISCOMs and farmers for implementation of the scheme. They will assist the farmers in project development activities including formulation of DPR, PPA/EPC contracts, getting funds from financial institutions, etc. For settlement of any issues arising during selection of solar/ other renewable energy based power plants and their implementation, a State Level Committee under the chairmanship of Principal Secretary (Renewable Energy/Energy) will be setup by the participating State/UT and SNA of that State will be responsible to coordinate/organize the quarterly meetings of the State Level Committee. In addition, SNAs shall ensure publicity of the scheme and create awareness through advertisements, etc., and also monitor the implementation of the scheme. The SNA will be eligible to get service charge of Rs.0.25 Lakh per MW after commissioning of the projects.

(iv) Renewable Power Generator (RPG):
Individual farmers/ group of farmers/ cooperatives/ panchayats/ Farmer Producer Organisations (FPO)/ Water User associations (WUA) or projects developer would be the RPG. They have to participate in the selection process to be carried out by DISCOMS. In case of selection, they have to sign PPA and install the plant as per provisions of these guidelines and applicable rules and regulations.
ANNEXURE-C

“Star Krishi Urja Scheme” (SKUS)

Component B: Installation of 17.50 Lakh Stand-alone Solar Pumps

<table>
<thead>
<tr>
<th>S.N</th>
<th>Particulars</th>
<th>Details</th>
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</table>
| 1   | Implementation mechanism | i) Under this Component, individual farmers will be supported to install stand-alone solar pumps of capacity up to 7.5 HP for replacement of existing diesel pumps / irrigation systems in off-grid areas, where grid supply is not available. Installation of new pumps shall also be permitted under this scheme except in dark zone areas. Pumps of capacity higher than 7.5 HP may be allowed, however, the CFA will be limited to the CFA applicable for pump of 7.5 HP. Water User Associations and community/cluster based irrigation system will also be covered under this component. However, priority would be given to small and marginal farmers. In order to minimize the water usage for irrigation purpose, preference will be given to the farmers using Micro irrigation systems or covered under Micro irrigation schemes or who opt for micro irrigation system. The size of pump would be selected on the basis of water table in the area, land covered and quantity of water required for irrigation. Solar PV capacity in kW for the pump capacity in HP will be allowed as per MNRE specifications under the scheme.  

ii) It will be mandatory to use indigenously manufactured solar panels with indigenous solar cells and modules. Further, the motor-pump-set, controller and balance of system should also be manufactured indigenously. The vendor has to declare the list of imported components used in the manufacturing of solar water pumping system.  

iii) CFA of 30% of the benchmark cost or the tender cost, whichever is lower, of the stand-alone solar pump will be provided.  

iv) The State Government will give a subsidy of 30% and the remaining 40% will be provided by the farmer.  

v) Bank finance may be made available for farmer's contribution, so that farmer has to initially pay only 10% of the cost and remaining upto 30% of the cost as loan. In case the State Government provides subsidy more than 30%, the beneficiary share will reduce accordingly.  

vi) However, in North Eastern States, Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttarakhand, Lakshadweep and A&N Islands, CFA of 50% of the benchmark cost or the tender cost, whichever is lower, of the stand-alone solar pump will be provided. The State Government will give a subsidy of 30% and the remaining 20% will be provided by the farmer. Bank finance may be made available for farmer's contribution, so that farmer has to initially pay only 10% of the cost and remaining up to 10% of the cost as loan. In case the State Government provides subsidy more than 30%, the beneficiary share will reduce accordingly.  

vii) New Solar pumps would not be covered under this component in Dark zones/black zones. However, existing stand-alone diesel pumps, can be converted into stand-alone solar pumps in these areas provided they use micro irrigation techniques to save water. |
viii) Possibilities would be explored by implementing agencies for convergence of present scheme with schemes on promotion of micro irrigation system and replacement of pumps with energy efficient pumps and they may work out the modalities in coordination with respective Ministries/Departments.

ix) Further, whenever the grid reaches in the off-grid area, the stand-alone Solar Pumps can be connected to the grid to feed surplus power depending on grid capacity. DISCOMs may purchase this surplus power from the farmer at the rate decided by the respective State/SERC.

x) DISCOMs/ Agricultural Department/ Minor Irrigation Department/ any other Department designated by State Government will be the implementing agencies for this component. 2% of the eligible CFA will be provided as service charges in totality to all the agencies involved in implementation including the designated State Implementing Agency. Part of service charges (to be decided by MNRE) shall be given to the central agency for centralised tendering. Additionally, some part of the service charge may also be retained by MNRE for nation-wide centralized IEC activities.

2 Allocation & other details

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<th>Allocation and procurement of pumps:</th>
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<tbody>
<tr>
<td></td>
<td>- State-wide allocation of solar pumps will be issued by MNRE once in a year or as and when required, after approval by a Screening Committee under the chairmanship of Secretary, MNRE. Much before the start of every financial year during the Scheme tenure, MNRE will call for submission of demand from the implementation agencies. Based on overall target for the year and the demand received from implementation agencies, MNRE will allocate quantity of pumps to the implementation agencies in the States. On acceptance of the allocated quantity by the implementation agencies and submission of detailed proposal as per MNRE format, within a given time period, final sanction will be issued by MNRE. MNRE will have the discretion to amend the sanction any time of the year after ascertaining the pace of progress in any particular state, or as per requirements of the scheme.</td>
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<td>- Implementing agencies will submit proposals through online portal to MNRE for approval. Offline proposals will not be accepted, unless MNRE has given a general exemption from the requirement of online submission to any agency for any specific period of time.</td>
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<td>- Proposals for new installations will only be considered by the Screening Committee. Proposals wherein the systems have already been installed/ under installation will not be considered for approval under the Programme by the Screening Committee.</td>
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<td>- There will be centralized tendering of solar water pumping system through Central PSUs. These CPSUs will carry out tendering process as per Guidelines and standards &amp; specifications issued by MNRE. Any deviation shall normally be not permissible except in specific cases with the approval of Secretary, MNRE.</td>
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<td>- For centralized tendering the designated CPSUs may come out region-wise/State-wise tenders, however, their role will be limited to selection of bidders and discovery of rates.</td>
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- To ensure quality and post installation services only manufacturers of solar water pumps or controllers or manufacturers of solar panels would be allowed to participate in the bidding process.
- Normally, three bidders would be selected and they have to match L1 rates and the quantity allocated to those who agree to match the L1 rates them would be 50%, 30%, and 20% of the total tender quantity respectively in the ascending order of rates quoted by them. Number of bidders selected may vary depending upon the tender quantity.
- The selection of beneficiaries and implementation of scheme would be the responsibility of the State Implementation Agency. Cluster based approach would be used for allocation of districts to the selected bidders to optimize the resources and ensure quality services made available to the farmer. As far as possible contiguous districts would be allotted to the successful bidders, with the total requirements of pumps in the allocated area matching the quantity allotted to them.
- Installation of 17.5 lakh stand-alone Solar Water Pumping Systems will create solar PV capacity of over 8000 MW. Since pumps are generally used for 150 days in a year, this capacity can be optimally utilized by using Universal Solar Pump Controller (USPC), through which farmer can use solar power for other activities like operating chaff cutter, flour mill, cold storage, drier, battery charges, etc., and increase his income. Option would be given to the farmer to opt for USPC and additional cost of solar PV pumping system with USPC would be discovered by the tendering agency. The entire additional cost for solar pumping system with USPC would be borne by the farmer. States/UTs may bear this additional cost to facilitate use of solar energy for other activities and increasing the income of farmers. In all cases, the successful bidder shall provide AMC for five years from the date of installation, real time monitoring, helpline, district level service centres and comply standards of performance in dealing with complaints/redressal mechanism.
- The Implementation Agency would also be responsible for carrying out publicity of the scheme so as to increase awareness amongst potential beneficiaries. For this purpose, apart from their own publicity content, they shall also be guided by advice of MNRE on this matter.

**ii) Installation timeline and Penalties:**
Projects for installation of solar pumps systems shall be completed within 12 months from the date of sanction by MNRE. However, for North Eastern States including Sikkim, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Lakshadweep and A&N Islands this time limit will be 15 months from the date of sanction. Extension in project completion timelines, up to a maximum period of three months, will be considered at the level of Group Head in MNRE and upto 6 months at the level of Secretary in MNRE on submission of valid reasons by the implementing agency. However, such extension will attract reduction in service charges to implementing agency as under:

a) 10% reduction in applicable service charges for delay of more than one month in completion of project.
b) Further reduction of 10% of service charges for delay of more than two months and up to three months.

c) Further reduction of 10% of service charges for delay of more than three month and up to six months.

d) No service charges for delay in completion of more than six months.

No extension will be granted beyond six months and only the systems which are installed in all respects and commissioned within stipulated time period will be considered for release of CFA.

iii) Release of funds:

- Funds up to 40% of the applicable CFA for the sanctioned quantity would be released as advance to the implementing agency only after placement of letter of award(s) to the selected vendors. The implementing agencies may pass on this fund to the selected vendors in different stages on achievement of various milestones as per terms and conditions of letter of award(s).
- Second installment up to 30% of the applicable CFA would be released on submission of UCs and SoE for the first release.
- The balance eligible CFA along with applicable service charges would be released on acceptance of the Project Completion Report in the prescribed format, Utilization Certificates as per GFR and other related documents by the Ministry.

iv) Monitoring and maintenance:

- Selected vendors shall be responsible for design, supply, installation and commissioning of solar pumps.
- Vendors will mandatorily provide AMC for a period of 5 years from the date of commissioning of the systems including insurance coverage for the installed systems against natural calamities and theft.
- AMC will include inspection by Vendor at least once in a quarter and submission of quarterly inspection report of the installed pumps as per prescribed format.
- To ensure timely maintenance of the systems, the vendor shall have one authorized service centre in each operational district and a helpline in local language in each operational State. Helpline number shall be indicated on the pump/ controller at suitable location easily visible to the user.
- All solar pumps sanctioned under the Programme shall be provided with remote monitoring system by the vendor. It will be mandatory to submit performance data of solar power plant online to MNRE in the manner and format prescribed by MNRE.
- Monitoring of the Scheme and its implementation will be carried out during the period of implementation of the Scheme as is given below:

a) The implementing agency would be responsible for monitoring parameters such as end-use verification and compilation of statistical information.

b) Implementing agencies will submit monthly progress report for the sanctioned projects.
c) Funds may be released by implementing agency to the vendor on submission of bank guarantee equivalent to 10% of the cost of systems installed by that vendor for a period of five years. Alternatively, BG may be provided initially for a period of one year which may be extended on year to year basis thereafter.

d) The Ministry officials or designated agency may inspect the ongoing installation or installed plants. In case the installed systems are not as per standards, non-functional on account of poor quality of installation or non-compliance of AMC, the Ministry reserves the right to blacklist the vendor. Blacklisting may inter-alia include the following:
   ➢ The Vendor/Firm will not be eligible to participate in tenders for Government supported projects.
   ➢ In case, the concerned Director(s) of the firm/company joins another existing or starts/ joins a new firm/company, the company will automatically be blacklisted.

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<tr>
<th>Responsibilities of Implementation Agency</th>
<th>The Implementing Agencies will be responsible for the following activities:</th>
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<tbody>
<tr>
<td></td>
<td>i) Demand aggregation for solar pumps through online portal.</td>
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<td></td>
<td>ii) Prepare proposal and submit to MNRE for sanction</td>
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<td></td>
<td>iii) Oversee installation of systems.</td>
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<td></td>
<td>iv) Inspection of installed systems and online submission of completion reports to MNRE.</td>
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<td></td>
<td>v) Submission of utilization certificates and audited statement of expenditure through EAT module and disbursement of MNRE CFA.</td>
</tr>
<tr>
<td></td>
<td>vi) Online submission of monthly and quarterly progress reports.</td>
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<td></td>
<td>vii) Ensure project completion within the given timelines and compliance of MNRE Guidelines and Standards.</td>
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<td>viii) Online and offline maintenance for records.</td>
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<td>ix) Real time monitoring through dedicated web-portal.</td>
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<td></td>
<td>x) Performance monitoring of installed system through third party.</td>
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<td>xi) Ensure compliance of AMC and training of locals by the vendors.</td>
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<td></td>
<td>xii) Carrying out publicity of the scheme so as to increase awareness, for which purpose advice of MNRE may also be adopted apart from its own publicity.</td>
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<td>xiii) Any other activity to ensure successful implementation of the programme.</td>
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**ANNEXURE-D**

"Star Krishi Urja Scheme" (SKUS)

Component C: Solarisation of 10 Lakh Grid Connected Pumps:

<table>
<thead>
<tr>
<th>S.N</th>
<th>Particulars</th>
<th>Details</th>
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| 1   | Implementation mechanism     | i) Under this Component, individual farmers having grid connected pump will be supported to solarise pumps. Solar PV capacity upto two times of pump capacity in kW is allowed under the scheme. However, State may specify lower solar PV capacity in kW, which in any case shall not be less than pump capacity in HP e.g. for 2 HP pump it will not be less than 2 kW. The farmer will be able to use the generated solar power to meet the irrigation needs and the excess solar power will be sold to DISCOMs.  

ii) Water User Associations and community/cluster based irrigation system will also be covered under this component. However, priority would be given to small and marginal farmers. In order to minimize the water usage for irrigation purpose, preference will be given to the farmers using Micro irrigation systems or covered under Micro irrigation schemes or who opt for Micro irrigation systems.

iii) Possibilities would be explored by implementing agencies for convergence of present scheme with schemes on promotion of micro irrigation system and replacement of pumps with energy efficient pumps and they may work out the modalities in coordination with respective Ministries/Departments.

iv) It will be mandatory to use indigenously manufactured solar panels with indigenous solar cells and modules. Further, the balance of system should also be manufactured indigenously. The vendor has to declare the list of imported components used in the solarisation system.

v) CFA of 30% of the benchmark cost or the tender cost, whichever is lower, of the solar PV component will be provided. The State Government will give a subsidy of 30%; and the remaining 40% will be provided by the farmer.

vi) Bank finance may be made available for farmer’s contribution, so that farmer has to initially pay only 10% of the cost and remaining up to 30% of the cost as loan. In case the State Government provides subsidy more than 30%, the beneficiary share will reduce accordingly.

vii) However, in North Eastern States, Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttarakhand, Lakshadweep and A&N Islands, CFA of 50% of the benchmark cost or the tender cost, whichever is lower, of the solar PV component will be provided. The State Government will give a subsidy of 30%; and the remaining 20% will be provided by the farmer. Bank finance may be made available for farmer's contribution, so that farmer has to initially pay only 10% of the cost and remaining up to 10% of the cost as loan. In case the State Government provides subsidy more than 30%, the beneficiary share will reduce accordingly.
viii) Further, the CFA will be limited to Solar PV capacity up to two times of pump capacity in kW for pumps up to 7.5 HP. Solarisation of Pumps of capacity higher than 7.5 HP may be allowed, however, the CFA will be limited to the CFA applicable for pump of 7.5 HP in the respective State/UTs. This will help to create an avenue for extra income to the farmers, and for the DISCOMs to meet their RPO targets. The solar power fed into the grid and solar power utilized by farmer both will be accounted for fulfillment of solar RPO by the DISCOM.

ix) DISCOM may adopt any of the modalities for solarisation of pumps viz.

a) Net-metering: in this case the pump will continue to run at rated capacity taking power from solar panels and balance power from grid, if required, and in case solar power generation is higher than required by pump, the additional solar power would be fed to the grid;

b) Pump to run on solar power only: in this case the pump will run from the solar power as in case of stand-alone solar pump and no power will be drawn from the grid for operation of pump. In case solar power generation is higher than required by pump, the additional solar power would be fed to the grid.

x) DISCOMs/ GENCO/ any other Department designated by State Government will be the implementing agencies. 2% of the eligible CFA will be provided as total service charges to all agencies implementing the scheme including the designated State Implementing Agencies. In case of centralised tendering, some percentage/fixed amount out of service charges (to be decided by MNRE) shall be given to the central agency. MNRE may also retain a certain amount from service charge for nation-wide centralised IEC activities. This component will be applicable to farmers already connected to grid. Feeder-wise implementation is proposed to be carried out. All pumps in a feeder will be solarised, however, States may impose a minimum solarisation requirement for a feeder in terms of minimum % of pumps solarized on that feeder.

xi) In case of dark zones/black zones only existing grid connected pumps will be solarized provided they use micro irrigation techniques to save water.

xii) Possibilities would be explored by implementing agencies for convergence of present scheme with schemes on promotion of micro irrigation system and replacement of pumps with energy efficient pumps and they may work out the modalities in coordination with respective Ministries/Departments.

xiii) DISCOMs will purchase excess power from the farmer at the rate decided by the respective State/SERC. The DISCOMs will ensure “must-run” status to the solarised feeders and will keep such feeders ‘ON’ during sunshine hours of a day. It will be mandatory for implementing agency to create remote monitoring system to monitor performance of the system post-installation.

xiv) States may also formulate state specific policy for grid connected solar pumps, customised to needs of the respective State, keeping the broad framework provided by MNRE intact.
i) Allocation of solarisation capacity and procurement:

- State-wise allocation for solarisation of pumps will be issued by MNRE once in a year, after approval by a Screening Committee under the chairmanship of Secretary, MNRE. In the beginning of every financial year during the Scheme tenure, MNRE will call for submission of feeder-wise demand for solarization. Based on overall target for the year and the demand received from implementation agencies, MNRE will allocate solarization capacity to the implementation agencies in the States. On acceptance of the allocated quantity by the implementation agencies and submission of detailed proposal as per MNRE format, with in a given time, final sanction will be issued by MNRE.

- As per approval, the component is to be implemented on pilot mode for initial one lakh grid connected pumps and accordingly, initially this capacity will be allocated by MNRE to implementing agencies based on their demand and readiness for implementation of the component. Pilot projects will be continuously monitored during implementation and also on completion to evaluate the success of pilot run and a detailed report will be prepared for recommending further scaling up of the capacity under this component. Such evaluation may be done internally of through external agency as per decision of the MNRE.

- Implementing agencies will submit proposals through online portal to MNRE for approval. Offline proposals will not be accepted, unless MNRE has given a general exemption from the requirement of online submission for any specific period of time.

- Proposals for new installations will only be considered by the Screening Committee. Proposals wherein the pumps are already solarized prior to sanction of MNRE will not be considered for approval under the Scheme by the Screening Committee.

- MNRE may specify either a centralized tendering of solarisation system through Central PSUs or by the State Implementation Agencies. These CPSUs or State Implementation agencies will carry out tendering process as per the Guidelines, standards and specifications issued by MNRE. Any deviation shall normally be not permissible except in specific cases with the approval of Secretary, MNRE.

- In case of centralized procurement the designated CPSUs may come out with region-wise/State-wise tenders, however, their role will be limited to selection of bidders. The selection of beneficiaries and implementation of scheme would be the responsibility of the State Implementation Agency.

- In all cases, the bids shall require the successful bidder to provide for AMC for five years from the date of installation, helpline, district level service centres and comply standards of performance in dealing with complaints.

- The Implementation Agency would also be responsible for carrying out publicity of the scheme so as to increase awareness amongst potential beneficiaries. For this purpose, apart from their own publicity content, they shall also be guided by advice of MNRE on this matter.
ii) Installation timeline and Penalties
Projects for solarisation of pumping systems shall be completed within 12 months from the date of sanction by MNRE. However, for North Eastern States including Sikkim, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Lakshadweep and A&N Islands this time limit will be 15 months from the date of sanction. Extension in project completion timelines, up to a maximum period of three months, will be considered at the level of Group Head in MNRE and up to 6 months at the level of Secretary in MNRE on submission of valid reasons by the implementing agency. However, such extension will attract reduction in service charges to implementing agency as under:

a) 10% reduction in applicable service charges for delay of more than one month in completion of project.
b) Further reduction of 10% of service charges for delay of more than two month and up to three months.
c) Further reduction of 10% of service charges for delay of more than three month and up to six months.
d) No service charges for delay in completion of more than six months.

No extension will be granted beyond six months and only the systems which are installed in all respects and commissioned within stipulated time period will be considered for release of CFA. The implementing agencies after submitting proposal to MNRE may choose to start the preparatory activities including tendering process. However, the Letter of Award/Purchase Order shall be placed to the selected vendor(s) only after the issue of sanction letter by MNRE. Further, MNRE will not be responsible for any liabilities arising out of a situation where the proposal is eventually rejected.

iii) Release of funds

- Funds up to 40% of the applicable CFA for the sanctioned quantity would be released as advance to the implementing agency only after placement of letter of award(s) to the selected vendors. The implementing agencies may pass on this fund to the selected vendors in different stages on achievement of various milestones as per terms and conditions of letter of award(s).
- Second installment up to 30% of the applicable CFA would be released on submission of UCs and SoE for the first release.
- The balance eligible CFA along with applicable service charges would be released on acceptance of the Project Completion Report in the prescribed format, Utilization Certificates as per GFR and other related documents by the Ministry.
iv) Monitoring and maintenance

- Selected vendors shall be responsible for all aspects of solarisation viz., design, supply, installation and commissioning. Vendors will mandatorily provide AMC for a period of 5 years from the date of commissioning of the systems including insurance coverage for the installed systems against natural calamities and theft. AMC will include submission of quarterly inspection report of the installation as per prescribed format. To ensure timely maintenance of the systems the vendor shall have one authorised service centre in each operational district and a helpline in local language in each operational State.

- Under the Programme along with solarisation, the vendor shall also provide a remote monitoring system. It will be mandatory to submit quarterly maintenance report along with performance data of solar power plant online to MNRE in a manner and format prescribed by MNRE.

- Monitoring of the Scheme and its implementation will be carried out during the period of implementation of the Scheme as is given below:
  a) The implementing agency would be responsible for monitoring parameters such as end-use verification and compilation of statistical information.
  b) Implementing agencies will submit monthly progress report for the sanctioned projects.
  c) Funds may be released by implementing agency to the vendor on submission of bank guarantee equivalent to 10% of the cost of systems installed by that vendor for a period of five years. Alternatively, BG may be provided initially for a period of two years which may be extended on year to year basis thereafter.
  d) The Ministry officials or designated agency may inspect the ongoing installation or installed plants. In case the installed systems are not as per standards, non-functional on account of poor quality of installation, or non-compliance of AMC, the Ministry reserves the right to blacklist the vendor. Blacklisting may inter-alia include the following:
    ➢ The Vendor/Firm will not be eligible to participate in tenders for Government supported projects.
    ➢ In case, the concerned Director(s) of the firm/company joins another existing or starts/ joins a new firm/company, the company will automatically be blacklisted.

### 3 Responsibilities of Implementation Agency

<table>
<thead>
<tr>
<th>Responsibilities of Implementation Agency</th>
<th>The Implementing Agencies will be responsible for the following activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>i) Issue additional instructions/ conditions such as minimum solarisation level of feeder.</td>
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<tr>
<td></td>
<td>ii) Issue connectivity standards/regulations, if required, and facilitate connection to the grid.</td>
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<td></td>
<td>iii) Selection of feeder for solarisation and demand aggregation for solarisation of pumps.</td>
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<td></td>
<td>iv) Prepare proposal and submit to MNRE for sanction</td>
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<tr>
<td>v)</td>
<td>Conduct tendering process as per MNRE guidelines</td>
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<tr>
<td>vi)</td>
<td>Oversee installation of systems.</td>
</tr>
<tr>
<td>vii)</td>
<td>Inspection of installed systems and online submission of completion reports to MNRE.</td>
</tr>
<tr>
<td>viii)</td>
<td>Disbursement of MNRE CFA and submission of utilization certificates and audited statement of expenditure through EAT module.</td>
</tr>
<tr>
<td>ix)</td>
<td>Online submission of monthly and quarterly progress reports.</td>
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<tr>
<td>x)</td>
<td>Ensure project completion within the given timelines and compliance of MNRE Guidelines and Standards.</td>
</tr>
<tr>
<td>xi)</td>
<td>Online and offline maintenance for records.</td>
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<tr>
<td>xii)</td>
<td>Real time monitoring through dedicated web-portal</td>
</tr>
<tr>
<td>xiii)</td>
<td>Performance monitoring of installed system through third party</td>
</tr>
<tr>
<td>xiv)</td>
<td>Ensure compliance of AMC and training of locals by the vendors.</td>
</tr>
<tr>
<td>xv)</td>
<td>Carrying out publicity of the scheme so as to increase awareness, for which purpose advice of MNRE may also be adopted apart from its own publicity.</td>
</tr>
<tr>
<td>xvi)</td>
<td>Any other activity to ensure successful implementation of the programme.</td>
</tr>
</tbody>
</table>

### Quality Assurance and Evaluation Mechanism

| i) | Systems installed under this Programme should meet technical specification and construction standards as specified by BIS and MNRE from time to time. Non-compliance will be taken seriously to the extent of blacklisting of the vendor, in the same manner as specified, apart from taking action under any other law in force. |
| ii) | In case of centralized tendering the CPSUs will be responsible for performance evaluation of the selected vendors. |
| iii) | Evaluation of pilot implementation of Component-A and Component-C will be carried out through third party selected for this purpose. In order to ensure, the scheme meets expected outcomes continues evaluation of scheme would be undertaken and mid-course correction, as required, shall be implemented. |

### Interpretation of the Guidelines

| i) | In case of any ambiguity in interpretation of any of the provisions of these guidelines, the decision of the Ministry shall be final. |
| ii) | The Guidelines would be reviewed by the Ministry from time to time and necessary modifications would be incorporated after getting approval of Minister, NRE. |
STANDARD

POWER PURCHASE AGREEMENT FOR

PROCUREMENT OF ..... MW _____ POWER ON LONG TERM BASIS

Between

[Name of Renewable Power Generator]

And

[Name of Distribution Company]

[month and year]
This Power Purchase Agreement is made on the ______ day of ______ of _________ at 

__________

Between

________________ [name of the Renewable Power Generator], ___________________ [details of Renewable Power Generator] (hereinafter referred to as “Renewable Power Generator or RPG”, which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns) as a Party of the First Part;

And

________________ (Distribution Company), a company incorporated under the Companies Act 1956, having its registered office at ______________________________ (hereinafter referred to as “DISCOM”, which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and assignees) as a Party of the Second Part;

The RPG and DISCOM are individually referred to as ‘Party’ and collectively referred to as ‘Parties’.

WHEREAS:

A. The Ministry of New and Renewable Energy [MNRE] has launched a scheme for farmers on 8th March 2019 and issued implementation guidelines on ____________.

B. The MNRE has accorded a sanction and allotted a capacity of ____ MW to DISCOM for under the said scheme of 8th March 2019.

C. DISCOM had initiated a selection process for procurement of ____ MW of the power generated from the Grid connected ________ Power Project on the terms and conditions contained in the EoI/RfS No._______ dated ____________.

D. The RPG has been selected in the Process for development, generation and supply of electricity from the ____MW _______ Power Project to be established by RPG at ________ [location of proposed power plant] and electricity generated to be fed to the ______ [Name and location of 33/11 kV sub-station];

E. DISCOM has issued the Letter of Award No ____________ dated __________ in favour of the RPG for development and establishment of the ____ MW ____ Power Project as per the terms and conditions contained in the EoI/RfS.

F. The RPG has furnished the Performance Bank Guarantee in the sum of Rs________ in favour of DISCOM as per the format prescribed by the DISCOM.

G. The RPG has fulfilled the terms and conditions for signing this Power Purchase Agreement as a definitive agreement for establishing the ______ Power Project of ______ MW at _________ for generation and sale of electricity by the RPG to DISCOM at ________ 33 (or 66 or 110)/11 kV S/S;

H. The parties have agreed to execute this Power Purchase Agreement in terms of the EoI/RfS and the Letter of Award in regard to the terms and conditions for establishment of the ______ Power Project at _____ and for generation and supply of electricity by the RPG to DISCOM.
Now therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows:

**ARTICLE 1: DEFINITIONS AND INTERPRETATION**

### 1.1 Definitions

The terms used in this Agreement, unless as defined below or repugnant to the context, shall have the same meaning as assigned to them by the Electricity Act, 2003 and the rules or regulations framed there under, including those issued/framed by the Appropriate Commission (as defined hereunder), as amended or re-enacted from time to time.

<table>
<thead>
<tr>
<th><strong>“Act” or “Electricity Act, 2003”</strong></th>
<th>shall mean the Electricity Act, 2003 and include any modifications, amendments and substitution from time to time.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>“Agreement” or “Power Purchase Agreement” or “PPA”</strong></td>
<td>Shall mean this Power Purchase Agreement including its recitals and schedules, amended or modified from time to time in accordance with the terms hereof;</td>
</tr>
<tr>
<td><strong>“Appropriate Commission”</strong></td>
<td>Unless otherwise stated, Appropriate Commission shall be the commission of the State where DISCOM is situated</td>
</tr>
<tr>
<td><strong>“Bill Dispute Notice”</strong></td>
<td>Shall mean the notices issued by a Party raising a Dispute regarding a Monthly Bill or a Supplementary Bill issued by the other Party</td>
</tr>
<tr>
<td><strong>“Business Day”</strong></td>
<td>Shall mean with respect to RPG and DISCOM, a day other than Sunday or a statutory holiday, on which the banks remain open for business in the State.</td>
</tr>
</tbody>
</table>
| **“Capacity Utilization Factor” or “CUF”** | shall have the same meaning as provided in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 as amended from time to time; However for avoidance of any doubt, it is clarified that the CUF shall be calculated on the Contracted Capacity;  
In any Contract Year, if ‘X’ MWh of energy has been metered out at the Delivery Point for ‘Y’ MW Project capacity, CUF= (X MWh/(Y MW*8766)) X100%; |
<p>| <strong>“Change in Law”</strong> | Shall have the meaning ascribed thereto in Article 12 of this Agreement. |
| <strong>“Commercial Operation Date (COD)”</strong> | shall mean the date on which the commissioning certificate is issued upon successful commissioning (as per provisions of this Agreement) of the project; |
| <strong>“Competent Court of Law”</strong> | shall mean any court or tribunal or any similar judicial or quasi-judicial body in India that has jurisdiction to adjudicate upon issues relating to this Agreement; |
| <strong>“Consents, Clearances and”</strong> | shall mean all authorizations, licenses, approvals, registrations, permits, waivers, |
| <strong>“Permits”</strong> | privileges, acknowledgements, agreements, or concessions required to be obtained from or provided by any concerned authority for the purpose of setting up of the generation facilities and/ or supply of power; |
| <strong>“Consultation period”</strong> | shall mean the period of ninety (90) days or such other longer period as the Parties may agree, commencing from the date of issuance of a RPG Preliminary Default Notice or DISCOM Preliminary Default Notice as provided in Article 13 of this Agreement, for consultation between the Parties to mitigate the consequence of the relevant event having regard to all the circumstances; |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>&quot;Contract Year&quot;</td>
<td>shall mean the period beginning from the Effective Date and ending on the immediately succeeding March 31 and thereafter each period of 12 months beginning on April 1 and ending on March 31 provided that: (i) in the financial year in which the COD would occur, the Contract Year shall end on the date immediately before the COD and a new Contract Year shall commence once again from the COD and end on the immediately succeeding March 31, and thereafter each period of twelve (12) months commencing on April 1 and ending on March 31, and (ii) provided further that the last Contract Year of this Agreement shall end on the last day of the Term of this Agreement</td>
</tr>
<tr>
<td>&quot;Contracted Capacity&quot;</td>
<td>shall mean ...... [Insert capacity] MW contracted with DISCOM for supply by the RPG to DISCOM at the Delivery Point from the _______ Power Project;</td>
</tr>
<tr>
<td>&quot;Delivery Point&quot;</td>
<td>&quot;Delivery Point&quot; shall mean the point at the voltage level of 11kV or above of the 33/11 kV Sub-station. Metering shall be done at this interconnection point where the power is injected into the 33/11 kV Sub-station. For interconnection with grid and metering, the RPG shall abide by the relevant and applicable regulations, Grid Code notified by the State Commission and Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended and revised from time to time, or orders passed thereunder by the Appropriate Commission or CEA. All charges and losses related to Transmission of power from project up to Delivery Point as notified by the Appropriate Commission shall be borne by the RPG.</td>
</tr>
<tr>
<td>&quot;Dispute&quot;</td>
<td>shall mean any dispute or difference of any kind between DISCOM and the RPG, in connection with or arising out of this Agreement including but not limited to any issue on the interpretation and scope of the terms of this Agreement as provided in Article 16 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Due Date&quot;</td>
<td>Due Date shall mean the forty-fifth (45th) day after a Monthly Bill (including all the relevant documents) or a Supplementary Bill is received in hard copy and duly acknowledged by the DISCOM or, if such day is not a Business Day, the immediately succeeding Business Day, by which date such Monthly Bill or a Supplementary Bill is payable by the DISCOM.</td>
</tr>
<tr>
<td>&quot;Effective Date&quot;</td>
<td>shall have the meaning ascribed thereto in Article 2.1 of this Agreement</td>
</tr>
<tr>
<td>&quot;Electricity Laws&quot;</td>
<td>shall mean the Electricity Act, 2003 and the rules and regulations made there under from time to time along with amendments thereto and replacements thereof and any other Law pertaining to electricity including regulations framed by the Appropriate Commission;</td>
</tr>
<tr>
<td>&quot;Event of Default&quot;</td>
<td>shall mean the events as defined in Article 13 of this Agreement</td>
</tr>
<tr>
<td>&quot;Expiry Date&quot;</td>
<td>Shall mean the date occurring twenty five (25) years from the Commercial Operation Date subject to that the supply of power shall be limited for a period of 25 years from the COD unless extended by the Parties as per this Agreement;</td>
</tr>
<tr>
<td>&quot;Financing Agreements&quot;</td>
<td>shall mean the agreements pursuant to which the RPG has sought financing for the Power Project including the loan agreements, security documents, notes, indentures, security agreements, letters of credit and other documents, as may be amended, modified, or replaced from time to time, but without in anyway increasing the liabilities of DISCOM;</td>
</tr>
<tr>
<td>&quot;Force Majeure&quot; or &quot;Force Majeure Event&quot;</td>
<td>shall have the meaning ascribed thereto in Article 11 of this Agreement</td>
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<tr>
<td><strong>Term</strong></td>
<td><strong>Definition</strong></td>
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<tr>
<td>&quot;Indian Governmental Instrumentality&quot;</td>
<td>shall mean the Government of India, Governments of state of and any ministry, department, board, authority, agency, corporation, commission under the direct or indirect control of Government of India or the above state Government or both, any political sub-division of any of them including any court or Appropriate Commission or tribunal or judicial or quasi-judicial body in India;</td>
</tr>
<tr>
<td>&quot;Insurances&quot;</td>
<td>shall mean the insurance cover to be obtained and maintained by the RPG in accordance with Article 8 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Interconnection Facilities&quot;</td>
<td>shall mean the facilities on RPG’s side of the Delivery Point for scheduling, transmitting and metering the electrical output in accordance with this Agreement and which shall include, without limitation, all other transmission lines and associated equipment, transformers, relay and switching equipment and protective devices, safety equipment and RTU, Data Transfer and Acquisition facilities for transmitting data subject to Article 7, the Metering System required for supply of power as per the terms of this Agreement</td>
</tr>
<tr>
<td>&quot;Invoice&quot; or &quot;Bill&quot;</td>
<td>shall mean either a Monthly Bill / Supplementary Bill or a Monthly Invoice/ Supplementary Invoice raised by any of the Parties;</td>
</tr>
<tr>
<td>&quot;Late Payment Surcharge&quot;</td>
<td>shall have the meaning ascribed thereto in Article 10.3.3 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Law&quot;</td>
<td>shall mean in relation to this Agreement, all laws including Electricity Laws in force in India and any statute, ordinance, regulation, notification or code, rule, or any interpretation of any of them by an Indian Governmental Instrumentality and having force of law and shall further include without limitation all applicable rules, regulations, orders, notifications by an Indian Governmental Instrumentality pursuant to or under any of them and shall include without limitation all rules, regulations, decisions and orders of the Appropriate Commissions;</td>
</tr>
<tr>
<td>&quot;Letter of Credit&quot; or &quot;LIC&quot;</td>
<td>shall have the meaning ascribed thereto in Article 10.4 of this Agreement</td>
</tr>
<tr>
<td>&quot;Letter of Award&quot; or &quot;LoA&quot;</td>
<td>shall mean Letter of Award issued by the DISCOM to the RPG for the project;</td>
</tr>
<tr>
<td>&quot;MNRE&quot;</td>
<td>shall mean the Ministry of New and Renewable Energy, Government of India</td>
</tr>
<tr>
<td>&quot;Month&quot;</td>
<td>shall mean a period of thirty (30) days from (and excluding) the date of the event, where applicable, else a calendar month</td>
</tr>
<tr>
<td>&quot;Party&quot; and &quot;Parties&quot;</td>
<td>shall have the meaning ascribed thereto in the recital to this Agreement</td>
</tr>
<tr>
<td>&quot;Payment Security Mechanism&quot;</td>
<td>shall have the meaning ascribed thereto in Article 10.4 of this Agreement</td>
</tr>
<tr>
<td>&quot;Power Project&quot; or &quot;Project&quot;</td>
<td>shall mean the power generation facility of Contracted Capacity of [Insert capacity] MW, located at [Insert name of the District and State] having a separate control system, metering and separate points of injection into the grid at Delivery point of 33/11 kV substation. The Project shall include all units and auxiliaries such as water supply, treatment or storage facilities, bay(s) for transmission system in the switchyard, dedicated transmission line up to the Delivery Point and all the other assets, buildings/structures, equipment, plant and machinery, facilities and related assets required for the efficient and economic operation of the power generation facility, whether completed or at any stage of development and construction or intended to be developed and constructed for the purpose of supply of power as per this Agreement;</td>
</tr>
</tbody>
</table>
“Preliminary Default Notice” shall have the meaning ascribed thereto in Article 13 of this Agreement;

“Project Capacity” shall mean the maximum AC capacity of the Project at the point of injection on which the Power Purchase Agreement has been signed.

“Prudent Utility Practices” shall mean the practices, methods and standards that are generally accepted internationally from time to time by electric utilities for the purpose of ensuring the safe, efficient and economic design, construction, commissioning, operation and maintenance of power generation equipment and which practices, methods and standards shall be adjusted as necessary, to take account of:

a) operation and maintenance guidelines recommended by the manufacturers of the plant and equipment to be incorporated in the Power Project;

b) the requirements of Indian Law; and the physical conditions at the site of the Power Project

“Rebate” shall have the same meaning as ascribed thereto in Article 10.3.5 of this Agreement

“Rupees”, “Rs.” shall mean Indian rupees, the lawful currency of India;

“Scheduled Commissioning Date” or “SCD” of the Project shall mean [Insert Date that is nine (9) Months from the Date of issuance of LoA by the DISCOM to the RPG]

“Tariff” shall have the same meaning as provided for in Article 9 of this Agreement;

“Tariff Payment” shall mean the payments to be made under Monthly Bills as referred to in Article 10 and the relevant Supplementary Bills

“Termination Notice” shall mean the notice given by either Parties for termination of this Agreement in accordance with Article 13 of this Agreement;

“Term of Agreement” shall have the meaning ascribed thereto in Article 2 of this Agreement;

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ARTICLE 2: TERM OF AGREEMENT

2.1 Effective Date
2.1.1 This Agreement shall come into effect from __________ and such date shall be referred to as the Effective Date.

2.2 Term of Agreement
2.2.1 Subject to Article 2.3 and 2.4 of this Agreement, this Agreement shall be valid for a term from the Effective Date until the Expiry Date. This Agreement may be extended for a further period at least one hundred eighty (180) days prior to the Expiry Date, on mutually agreed terms and conditions.

2.2.2 The RPG is free to operate their plants beyond the Expiry Date if other conditions like land lease / Right to Use of Land (as applicable), permits, approvals and clearances etc. allow. In such case unless otherwise agreed by the DISCOM, DISCOM shall not be obligated to procure power beyond the Expiry Date.

2.3 Early Termination
2.3.1 This Agreement shall terminate before the Expiry Date if either DISCOM or RPG terminates the Agreement, pursuant to Article 13 of this Agreement.
2.4 **Survival**

2.4.1 The expiry or termination of this Agreement shall not affect any accrued rights, obligations and liabilities of the Parties under this Agreement, including the right to receive penalty as per the terms of this Agreement, nor shall it affect the survival of any continuing obligations for which this Agreement provides, either expressly or by necessary implication, which are to survive after the Expiry Date or termination including those under Article 11 (Force Majeure), Article 13 (Events of Default and Termination), Article 14 (Liability and Indemnification), Article 16 (Governing Law and Dispute Resolution), Article 17 (Miscellaneous Provisions), and other Articles and Schedules of this Agreement which expressly or by their nature survive the Term or termination of this Agreement shall continue and survive any expiry or termination of this Agreement.

**ARTICLE 3: CONDITIONS SUBSEQUENT**

3.1 The RPG agrees and undertakes to make Project Financing Arrangements for its Project and shall provide necessary documents to DISCOM in this regard within six Months from the Date of issue of LoA by DISCOM for the project.

**ARTICLE 4: CONSTRUCTION & DEVELOPMENT OF THE PROJECT**

4.1 **RPG’s Obligations**

4.1.1 The RPG undertakes to be responsible, at RPG’s own cost and risk, for:

a) The RPG shall be solely responsible and make arrangements for Land & associated infrastructure for development of the Project and for Connectivity with the 33/11 kV sub-station for confirming the evacuation of power by the Scheduled Commissioning date or COD, whichever is earlier, and all clearances related thereto;

The RPG shall furnish the necessary documents to establish possession in the name of the Project Developer of the required land/ Lease Agreement;

b) obtaining all Consents, Clearances and Permits as required and maintaining all documents.

c) Designing, constructing, erecting, commissioning, completing and testing the Power Project in accordance with the applicable Law, the Grid Code, the terms and conditions of this Agreement and Prudent Utility Practices.

d) the commencement of supply of power up to the Contracted Capacity to DISCOM no later than the Scheduled Commissioning Date and continuance of the supply of power throughout the term of the Agreement;

e) Connecting the Power Project switchyard with the Interconnection Facilities at the Delivery Point. The RPG shall make adequate arrangements to connect the Power Project switchyard with the Interconnection Facilities at Interconnection / Metering / Delivery Point.

f) owning the Power Project throughout the Term of Agreement free and clear of encumbrances, except those expressly permitted under Article 15;

f) fulfilling all obligations undertaken by the RPG under this Agreement.

g) The RPG shall be responsible to for directly coordinating and dealing with the DISCOM, and other authorities in all respects in regard to declaration of availability, scheduling and dispatch of Power and due compliance with deviation and settlement mechanism and the applicable Grid code/State Regulations.
4.2 Purchase and sale of Contracted Capacity

4.2.1 Subject to the terms and conditions of this Agreement, the RPG undertakes to sell to DISCOM and DISCOM undertakes to pay Tariff for all the energy supplied at the Delivery Point corresponding to the Contracted Capacity.

4.3 Right to Contracted Capacity & Energy

4.3.1 DISCOM, in any Contract Year shall not be obliged to purchase any additional energy from the RPG beyond the contract capacity. If for any Contract Year except for the first year of operation, it is found that the RPG has not been able to generate minimum energy of .... Million kWh (MU) till the end of 10 years from the COD and .......... Million kWh (MU) for the rest of the Term of the Agreement, on account of reasons solely attributable to the RPG, the non-compliance by RPG shall make the RPG liable to pay the compensation. For the first year of operation, the above limits shall be considered on pro-rata basis. The lower limit will, however be relaxable by DISCOM to the extent of grid non-availability for evacuation which is beyond the control of the RPG. This compensation shall be applied to the amount of shortfall in generation during the Contract Year. The amount of such penalty shall be as determined by the Appropriate Commission, and such penalty shall ensure that the DISCOM is offset for all potential costs associated with low generation and supply of power under the PPA. However, the minimum compensation payable to DISCOM by the RPG shall be 25% (twenty-five percent) of the cost of this shortfall in energy terms, calculated at PPA tariff. This compensation shall not be applicable in events of Force Majeure identified under PPA.

4.3.2 In case at any point of time, the peak of capacity reached is higher than the contracted capacity and causes disturbance in the system at the point where power is injected, the RPG will have to forego the excess generation and reduce the output to the contract capacity and shall also have to pay the penalty/charges (if applicable) as per applicable regulations.

4.4 Extensions of Time

4.4.1 In the event that the RPG is prevented from performing its obligations under Article 4.1 by the Scheduled Commissioning Date due to:
   a) any DISCOM Event of Default; or
   b) Force Majeure Events affecting DISCOM, or
   c) Force Majeure Events affecting the RPG,
the Scheduled Commissioning Date and the Expiry Date shall be deferred, subject to Article 4.4.5, for a reasonable period but not less than ‘day for day’ basis, to permit the RPG or DISCOM through the use of due diligence, to overcome the effects of the Force Majeure Events affecting the RPG or DISCOM, or till such time such Event of Default is rectified by DISCOM.

4.4.2 In case of extension due to reasons specified in Article 4.4.1(b) and (c), and if such Force Majeure Event continues even after a maximum period of three (3) months, any of the Parties may choose to terminate the Agreement as per the provisions of Article 13.5. In case neither party terminates the agreement under this clause, the agreement shall stand terminated on the expiry of twelve (12) months of the continuation of the Force majeure event unless the parties mutually agree to extend the agreement for the further period.

4.4.3 If the Parties have not agreed, within thirty (30) days after the affected Party’s performance has ceased to be affected by the relevant circumstance, on the time period by which the Scheduled Commissioning Date or the Expiry Date should be deferred, any Party may raise the Dispute to be resolved in accordance with Article 16.
4.4.4 As a result of such extension, the newly determined Scheduled Commissioning Date and newly determined Expiry Date shall be deemed to be the Scheduled Commissioning Date and the Expiry Date for the purpose of this Agreement.

4.4.5 Notwithstanding anything to the contrary contained in this Agreement, any extension of the Scheduled Commissioning Date arising due to any reason envisaged in this Agreement shall not be allowed beyond the date pursuant to Article 4.5.2.

4.4.6 Delay in commissioning of the project beyond the scheduled commissioning date for reasons other than those specified in Article 4.4.1 shall be an event of default on part of the RPG and shall be subject to the consequences specified in the Article 4.5.

4.5 Liquidated Damages not amounting to penalty for delay in Commissioning

4.5.1 If the RPG is unable to commission the Project by the Scheduled Commissioning Date other than for the reasons specified in Article 4.4.1, the RPG shall pay to DISCÔM, damages for the delay in such commissioning and making the Contracted Capacity available for dispatch by the Scheduled Commissioning Date as per the following:
Delay beyond the Scheduled Commissioning Date upto (& including) the date as on nine months from the Date of issue of LoA: The total Performance Bank Guarantee amount shall be encashed on per day basis and proportionate to the balance capacity not commissioned.

4.5.2 The maximum time period allowed for commissioning of the full Project Capacity with encashment of Performance Bank Guarantee shall be limited to 11 Months from the Date of issue of LoA. In case, the Commissioning of the Project is delayed beyond 11 Months from the Date of issue of LoA, it shall be considered as an RPG Event of Default and provisions of Article 13 shall apply and the Contracted Capacity shall stand reduced / amended to the Project Capacity Commissioned within 11 Months of the Date of issue of LoA and the PPA for the balance Capacity will stand terminated and shall be reduced from the project capacity.

4.5.3 The RPG further acknowledge that the amount of the liquidated damages fixed is genuine and reasonable pre-estimate of the damages that may be suffered by DISCÔM.

4.6 Acceptance/Performance Test

4.6.1 Prior to synchronization of the Power Project, the RPG shall be required to get the Project certified for the requisite acceptance/performance test as may be laid down by respective authorities.

4.7 Third Party Verification

4.7.1 The RPG shall be further required to provide entry to the site of the Power Project free of all encumbrances at all times during the Term of the Agreement to DISCÔM and a third Party nominated by any Indian Governmental Instrumentality for inspection and verification of the works being carried out by the RPG at the site of the Power Project.

4.7.2 The third party may verify the construction works-operation of the Power Project being carried out by the RPG and if it is found that the construction works-operation of the Power Project is not as per the Prudent Utility Practices, it may seek clarifications from RPG or require the works to be stopped or to comply with the instructions of such third party.

4.8 Breach of Obligations

4.8.1 The Parties herein agree that during the subsistence of this Agreement, subject to DISCÔM being in compliance of its obligations & undertakings under this Agreement, the RPG would have no right to negotiate or enter into any dialogue with any third party for the sale of Contracted Capacity of power which is the subject matter of this Agreement. It is the specific understanding between the Parties that such bar will apply throughout the entire term of this Agreement.
4.9 Generation compensation for Off-take constraints

4.9.1 Generation Compensation in offtake constraints due to Grid Unavailability: During the operation of the plant, there can be some periods where the Project can generate power but due to temporary transmission unavailability, the power is not evacuated, for reasons not attributable to the RPG. In such cases, subject to the submission of documentary evidences from the competent authority, the generation compensation shall be restricted to the following and there shall be no other claim, directly or indirectly against DISCOM:

<table>
<thead>
<tr>
<th>Duration of Grid unavailability</th>
<th>Provision for Generation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid unavailability in a contract year as defined in the PPA (only period from 8 am to 6 pm to be counted)</td>
<td>Generation Loss = [(Average Generation per hour during the Contract Year) x (number of hours of grid unavailability during the Contract Year)]</td>
</tr>
<tr>
<td></td>
<td>Where, Average Generation per hour during the Contract Year (kWh) = Total generation in the Contract Year (kWh) / Total hours of generation in the Contract Year.</td>
</tr>
</tbody>
</table>

The excess generation by the RPG equal to this generation loss shall be procured by DISCOM at the PPA tariff so as to offset this loss in the succeeding 3 (three) Contract Years.

4.9.2 Offtake constraints due to Backdown: The RPG and DISCOM shall follow the forecasting and scheduling process as per the regulations in this regard by the Appropriate Commission. In the eventuality of backdown, subject to the submission of documentary evidences from the competent authority, the RPG shall be eligible for a minimum generation compensation, from DISCOM, restricted to the following and there shall be no other claim, directly or indirectly against DISCOM:

<table>
<thead>
<tr>
<th>Duration of Backdown</th>
<th>Provision for Generation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Backdown during a monthly billing cycle.</td>
<td>Minimum Generation Compensation = 50% of [(Average Generation per hour during the month) x (number of backdown hours during the month)] x PPA tariff</td>
</tr>
<tr>
<td></td>
<td>Where, Average Generation per hour during the month (kWh) = Total generation in the month (kWh) / Total hours of generation in the month.</td>
</tr>
</tbody>
</table>

The RPG shall not be eligible for any compensation in case the Backdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions. The Generation Compensation shall be paid as part of the energy bill for the successive month after JMR.

ARTICLE 5: SYNCHRONISATION, COMMISSIONING AND COMMERCIAL OPERATION

5.1 Synchronization, Commissioning and Commercial Operation

5.1.1 The RPG shall give the DISCOM at least thirty (30) days’ advanced preliminary written notice and at least fifteen (15) days’ advanced final written notice, of the date on which it intends to synchronize the Power Project to the Grid System.

5.1.2 Subject to Article 5.1.1, the Power Project may be synchronized by the RPG to the Grid System when it meets all the connection conditions prescribed in applicable Grid Code then in effect and otherwise meets all other Indian legal requirements for synchronization to the Grid System.
5.1.3 The synchronization equipment and all necessary arrangements / equipment including RTU for scheduling of power generated from the Project and transmission of data to the concerned authority as per applicable regulation shall be installed by the RPG at its generation facility of the Power Project at its own cost. The RPG shall synchronize its system with the Grid System only after the approval of synchronization scheme is granted by the head of the concerned substation/ and checking/verification is made by the concerned authorities of the DISCOM.

5.1.4 The RPG shall immediately after each synchronization/tripping of generator, inform the substation of the Grid System to which the Power Project is electrically connected in accordance with applicable Grid Code. In addition, the RPG will inject in-firm power to grid time to time to carry out operational/ functional test prior to commercial operation. For avoidance of doubt, it is clarified that Synchronization / Connectivity of the Project with the grid shall not to be considered as Commissioning of the Project.

5.1.5 The RPG shall commission the Project within nine (9) Months from the Date of issue of LoA. Declaration of COD shall only be done upon the successful visit by the Commissioning Committee.

5.1.6 The Parties agree that for the purpose of commencement of the supply of electricity by RPG to DISCOM, liquidated damages for delay etc., the Scheduled Commissioning Date as defined in this Agreement shall be the relevant date.

ARTICLE 6: DISPATCH AND SCHEDULING

6.1 Dispatch and Scheduling

6.1.1 The RPG shall be required to schedule its power as per the applicable regulations of SERC/ SLDC or any other competent agency and same being recognized by the SLDC or any other competent authority / agency as per applicable regulation/ law / direction and maintain compliance to the applicable Codes/ Grid Code requirements and directions, if any, as specified by concerned SLDC from time to time. Any deviation from the Schedule will attract the provisions of applicable regulation / guidelines / directions and any financial implication on account of this shall be on the account of the RPG.

6.1.2 The RPG shall be responsible for directly coordinating and dealing with the DISCOM, State Load Dispatch Centers, and other authorities in all respects in regard to declaration of availability, scheduling and despatch of Power and due compliance with deviation and settlement mechanism and the applicable Grid code Regulations.

6.1.3 The RPG shall be responsible for any deviation from scheduling and for any resultant liabilities on account of charges for deviation as per applicable regulations. UI charges on this account shall be directly paid by the RPG.

6.1.4 Auxiliary power consumption will be treated as per the concerned state regulations.

ARTICLE 7: METERING

7.1 Meters

7.1.1 For installation of Meters, Meter testing, Meter calibration and Meter reading and all matters incidental thereto, the RPG and DISCOM shall follow and be bound by the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, the Grid Code, as amended and revised from time to time.

7.1.2 The RPG shall bear all costs pertaining to installation, testing, calibration, maintenance, renewal and repair of meters at RPG’s side of Delivery Point.

7.1.3 In addition to ensuring compliance of the applicable codes, the RPG shall install Main & Check meters at the Delivery Point, along with Stand-by meter(s) as per the applicable regulations of the State where the Project is located.
7.2 Reporting of Metered Data and Parameters
7.2.1 The grid connected renewable power plants will install necessary equipment for regular monitoring of required data and simultaneously for monitoring of the electric power generated from the Project.

7.2.2 Online arrangement would have to be made by the RPG for submission of above data regularly for the entire period of this Power Purchase Agreement to the DISCOM, the MNRE and concerned agency as per applicable regulation / directions.

7.2.3 Reports on above parameters on monthly basis (or as required by regulation / guidelines) shall be submitted by the RPG to Ministry of New and Renewable Energy/National Institute of Solar Energy through DISCOM for entire period of PPA.

ARTICLE 8: INSURANCES

8.1 Insurance
8.1.1 The RPG shall effect and maintain or cause to be effected and maintained, at its own cost and expense, throughout the Term of PPA, Insurances against such risks to keep the Project in good condition and shall take Industrial All Risk insurance policy covering risks against any loss or damage, with such deductibles and with such endorsements and co-insured(s), which the Prudent Utility Practices would ordinarily merit maintenance of and as required under the Financing Agreements, and under the applicable laws.

8.2 Application of Insurance Proceeds
8.2.1 In case of the Project not being implemented through Financing Agreement(s), save as expressly provided in this Agreement or the Insurances, the proceeds of any insurance claim made due to loss or damage to the Power Project or any part of the Power Project shall be first applied to reinstatement, replacement or renewal of such loss or damage.

In case of the Project being financed through Financing Agreement(s), save as expressly provided in this Agreement or the Insurances, the proceeds of any insurance claim made due to loss or damage to the Power Project or any part of the Power Project shall be applied as per such Financing Agreements.

8.2.2 If a Force Majeure Event renders the Power Project no longer economically and technically viable and the insurers under the Insurances make payment on a “total loss” or equivalent basis, DISCOM shall have claim on such proceeds of such Insurance limited to outstanding dues of DISCOM against RPG.

8.3 Effect on liability of DISCOM
8.3.1 Notwithstanding any liability or obligation that may arise under this Agreement, any loss, damage, liability, payment, obligation or expense which is insured or not or for which the RPG can claim compensation, under any Insurance shall not be charged to or payable by DISCOM. It is for the RPG to ensure that appropriate insurance coverage is taken for payment by the insurer for the entire loss and there is no under insurance or short adjustment etc.

ARTICLE 9: APPLICABLE TARIFF

9.1 The RPG shall be entitled to receive the Tariff of Rs. ............./ KWh, fixed for the entire term of this Agreement, with effect from the COD, for the power sold to the DISCOM as reflected in the Energy Accounts.
ARTICLE 10: BILLING AND PAYMENT

10.1 General
10.1.1 From the commencement of supply of power, DISCOM shall pay to the RPG the monthly Tariff Payments subject to the adjustments as per provisions of this Agreement including Article 6, in accordance with Article 9. All Tariff Payments by DISCOM shall be in Indian Rupees.

10.1.2 The RPG shall be required to make arrangements and payments for import of energy (if any) as per applicable regulations.

10.2 Delivery and Content of Monthly Bills/Supplementary Bills
10.2.1 The RPG shall issue to DISCOM hard copy of a signed Monthly Bill for the immediately preceding Month based on the JMR/Energy Account along with all relevant documents (payments made by RPG for drawl of power, payment of reactive energy charges, Metering charges or any other charges as per regulations of SERC/SLDC, if applicable.) Each Monthly Bill shall include all charges as per this Agreement for the energy supplied for the relevant Month based on JMR/Energy Accounts. The Monthly Bill amount shall be the product of the energy as per Energy Accounts and the Applicable Tariff. Energy drawn from the grid will be regulated as per the regulations of respective State the Project is located in.

10.3 Payment of Monthly Bills
10.3.1 DISCOM shall pay the amount payable under the Monthly Bill by the Due Date to such account of the RPG, as shall have been previously notified by the RPG.

10.3.2 All payments required to be made under this Agreement shall also include any deduction or set off for:
iv) deductions required by the Law; and
v) Amount claimed by DISCOM, if any, from the RPG, will be adjusted from the monthly energy payment.

The RPG shall open a bank account (the "RPG’s Designated Account") for all Tariff Payments to be made by DISCOM to the RPG, and notify DISCOM of the details of such account at least sixty (60) Days before the dispatch of the first Monthly Bill.

10.3.3 Late Payment Surcharge
In the event of delay in payment of a Monthly Bill by DISCOM beyond thirty (30) days of its Due Date, a Late Payment Surcharge shall be payable to the RPG at the rate of 1.25% per month on the outstanding amount calculated on a day to day basis. The Late Payment Surcharge shall be claimed by the RPG through the Supplementary Bill.

10.3.4 Rebate
For payment of any Bill on or before Due Date, the following Rebate shall be paid by the RPG to DISCOM in the following manner and the RPG shall not raise any objections to the payments made under this article.
a) A Rebate of 2% shall be payable to the DISCOM for the payments made within a period of seven clear working days of the presentation of hard copy of Bill along with required supporting documents at DISCOM office.
b) Any payments made after seven clear working days of the date of presentation of hard copy of the Bill along with the required supporting documents at DISCOM office up to the Due Date shall be allowed a rebate of 1%.
c) For the above purpose, the date of presentation of Bill shall be the next Business Day of delivery of the physical copy of the Bill at DISCOM.
d) No Rebate shall be payable on the Bills raised on account of Change in Law relating to taxes, duties, cess etc. and on Supplementary Bill.

For the above purpose date of presentation of bill shall be the same day of delivery in hard copy. However, for consideration of rebate, next business day shall be considered.
10.4 Payment Security Mechanism
Letter of Credit (LC):

10.4.1 DISCOM shall provide to the RPG, in respect of payment of its Monthly Bills and/or Supplementary Bills, a monthly unconditional, revolving and irrevocable letter of credit ("Letter of Credit"), opened and maintained which may be drawn upon by the RPG in accordance with this Article.

10.4.2 Not later than one (1) Month before the start of supply, DISCOM through a scheduled bank open a Letter of Credit in favour of the RPG, to be made operative from a date prior to the Due Date of its first Monthly Bill under this Agreement. The Letter of Credit shall have a term of twelve (12) Months and shall be renewed annually, for an amount equal to:
   i) for the first Contract Year, equal to the estimated average monthly billing;
   ii) for each subsequent Contract Year, equal to the average of the monthly billing of the previous Contract Year.

10.4.3 Provided that the RPG shall not draw upon such Letter of Credit prior to the Due Date of the relevant Monthly Bill and/or Supplementary Bill, and shall not make more than one drawal in a Month.

10.4.4 Provided further that if at any time, such Letter of Credit amount falls short of the amount specified in Article 10.4.2 due to any reason whatsoever, DISCOM shall restore such shortfall within fifteen (15) days.

10.4.5 DISCOM shall cause the scheduled bank issuing the Letter of Credit to intimate the RPG, in writing regarding establishing of such irrevocable Letter of Credit.

10.4.6 DISCOM shall ensure that the Letter of Credit shall be renewed not later than its expiry.

10.4.7 All costs relating to opening, maintenance of the Letter of Credit shall be borne by DISCOM.

10.4.8 If DISCOM fails to pay undisputed Monthly Bill or Supplementary Bill or a part thereof within and including the Due Date, then, subject to Article 10.4.6 & 10.5.2, the RPG may draw upon the Letter of Credit, and accordingly the bank shall pay without any reference or instructions from DISCOM, an amount equal to such Monthly Bill or Supplementary Bill or part thereof, in accordance with Article 10.4.3 above, by presenting to the scheduled bank issuing the Letter of Credit, the following documents:
   i) a copy of the Monthly Bill or Supplementary Bill which has remained unpaid to RPG and;
   ii) a certificate from the RPG to the effect that the bill at item (i) above, or specified part thereof, is in accordance with the Agreement and has remained unpaid beyond the Due Date;

10.5 Disputed Bill

10.5.1 If the DISCOM does not dispute a Monthly Bill or a Supplementary Bill raised by the RPG within fifteen (15) days of receiving such Bill shall be taken as conclusive.

10.5.2 If the DISCOM disputes the amount payable under a Monthly Bill or a Supplementary Bill, as the case may be, it shall pay undisputed amount of the invoice amount and it shall within fifteen (15) days of receiving such Bill, issue a notice (the "Bill Dispute Notice") to the invoicing Party setting out:
   i) the details of the disputed amount;
   ii) its estimate of what the correct amount should be; and iii) all written material in support of its claim.
10.5.3 If the RPG agrees to the claim raised in the Bill Dispute Notice issued pursuant to Article 10.5.2, the RPG shall revise such Bill and present along with the next Monthly Bill. In such a case excess amount shall be refunded along with interest at the same rate as Late Payment Surcharge, which shall be applied from the date on which such excess payment was made by the disputing Party to the invoicing Party and up to and including the date on which such payment has been received as refund.

10.5.4 If the RPG does not agree to the claim raised in the Bill Dispute Notice issued pursuant to Article 10.5.2, it shall, within fifteen (15) days of receiving the Bill Dispute Notice, furnish a notice (Bill Disagreement Notice) to the DISCOM providing:
   i) reasons for its disagreement;
   ii) its estimate of what the correct amount should be; and iii) all written material in support of its counter-claim.

10.5.5 Upon receipt of the Bill Disagreement Notice by the DISCOM under Article 10.5.4, authorized representative(s) or a director of the board of directors/ member of board of the DISCOM and RPG shall meet and make best endeavours to amicably resolve such dispute within fifteen (15) days of receipt of the Bill Disagreement Notice.

10.5.6 If the Parties do not amicably resolve the Dispute within fifteen (15) days of receipt of Bill Disagreement Notice pursuant to Article 10.5.4, the matter shall be referred to Dispute resolution in accordance with Article 16.

10.5.7 For the avoidance of doubt, it is clarified the despite a Dispute regarding an invoice, DISCOM shall, without prejudice to its right to Dispute, be under an obligation to make payment of undisputed amount of the invoice amount in the Monthly Bill.

10.6 Quarterly and Annual Reconciliation
10.6.1 The Parties acknowledge that all payments made against Monthly Bills and Supplementary Bills shall be subject to quarterly reconciliation within 30 days of the end of the quarter at the beginning of the following quarter of each Contract Year and annual reconciliation at the end of each Contract Year within 30 days to take into account the Energy Accounts, Tariff adjustment payments, Tariff Rebate, Late Payment Surcharge, or any other reasonable circumstance provided under this Agreement.

10.6.2 The Parties, therefore, agree that as soon as all such data in respect of any quarter of a Contract Year or a full Contract Year as the case may be has been finally verified and adjusted, the RPG and DISCOM shall jointly sign such reconciliation statement. Within fifteen (15) days of signing of a reconciliation statement, the RPG shall make appropriate adjustments in the next Monthly Bill. Late Payment Surcharge/ interest shall be payable in such a case from the date on which such payment had been made to the invoicing Party or the date on which any payment was originally due, as may be applicable. Any Dispute with regard to the above reconciliation shall be dealt with in accordance with the provisions of Article 16.

10.7 Payment of Supplementary Bill
10.7.1 RPG may raise a ("Supplementary Bill") for payment on account of:
   i) Adjustments required by the Energy Accounts (if applicable); or
   ii) Change in Law as provided in Article 12
And such Supplementary Bill shall be paid by the other Party.

10.7.2 DISCOM shall remit all amounts due under a Supplementary Bill raised by the RPG to the RPG’s Designated Account by the Due Date, except open access charges, RLDC or scheduling charges and transmission charges (if applicable). For Supplementary Bill on account of adjustment required by energy account, Rebate as applicable to Monthly Bills pursuant to Article 10.3.5 shall equally apply. No surcharge will be applicable other than that on the monthly energy payment and associated debit and credit note.
10.7.3 In the event of delay in payment of a Supplementary Bill by either Party beyond its Due Date, a Late Payment Surcharge shall be payable at the same terms applicable to the Monthly Bill in Article 10.3.3.

**ARTICLE 11: FORCE MAJEURE**

11.1 *Definitions*

11.1.1 In this Article, the following terms shall have the following meanings:

11.2 *Affected Party*

11.2.1 An affected Party means DISCOM or the RPG whose performance has been affected by an event of Force Majeure.

11.3 *Force Majeure*

11.3.1 A ‘Force Majeure’ means any event or circumstance or combination of events those stated below that wholly or partly prevents or unavoidably delays an Affected Party in the performance of its obligations under this Agreement, but only if and to the extent that such events or circumstances are not within the reasonable control, directly or indirectly, of the Affected Party and could not have been avoided if the Affected Party had taken reasonable care or complied with Prudent Utility Practices:

a) Act of God, including, but not limited to lightning, drought, fire and explosion (to the extent originating from a source external to the site), earthquake, volcanic eruption, landslide, flood, cyclone, typhoon or tornado if and only if it is declared / notified by the competent state / central authority / agency (as applicable);

b) any act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action if and only if it is declared / notified by the competent state / central authority / agency (as applicable); or

c) radioactive contamination or ionising radiation originating from a source in India or resulting from another Force Majeure Event mentioned above excluding circumstances where the source or cause of contamination or radiation is brought or has been brought into or near the Power Project by the Affected Party or those employed or engaged by the Affected Party.

11.4 *Force Majeure Exclusions*

11.4.1 Force Majeure shall not include (i) any event or circumstance which is within the reasonable control of the Parties and (ii) the following conditions, except to the extent that they are consequences of an event of Force Majeure:

a) Unavailability, late delivery, or changes in cost of the plant, machinery, equipment, materials, spare parts or consumables for the Power Project;

b) Delay in the performance of any contractor, sub-contractor or their agents;

c) Non-performance resulting from normal wear and tear typically experienced in power generation materials and equipment;

d) Strikes at the facilities of the Affected Party;

e) Insufficiency of finances or funds or the agreement becoming onerous to perform; and

f) Non-performance caused by, or connected with, the Affected Party’s:

   i) Negligent or intentional acts, errors or omissions;

   ii) Failure to comply with an Indian Law; or

   iii) Breach of, or default under this Agreement.

11.5 *Notification of Force Majeure Event*

11.5.1 The Affected Party shall give notice to the other Party of any event of Force Majeure as soon as reasonably practicable, but not later than seven (7) days after the date on which such Party knew or should reasonably have known of the commencement of the event of Force Majeure. If an event of Force Majeure results in a breakdown of communications rendering it unreasonable to give notice within the applicable time limit specified herein, then the Party claiming Force Majeure shall give such notice as soon as reasonably practicable after reinstatement of communications, but not later than one (1) day after such reinstatement.
11.5.2 Provided that such notice shall be a pre-condition to the Affected Party’s entitlement to claim relief under this Agreement. Such notice shall include full particulars of the event of Force Majeure, its effects on the Party claiming relief and the remedial measures proposed. The Affected Party shall give the other Party regular (and not less than monthly) reports on the progress of those remedial measures and such other information as the other Party may reasonably request about the Force Majeure Event.

11.5.3 The Affected Party shall give notice to the other Party of (i) the cessation of the relevant event of Force Majeure; and (ii) the cessation of the effects of such event of Force Majeure on the performance of its rights or obligations under this Agreement, as soon as practicable after becoming aware of each of these cessations.

11.6 Duty to Perform and Duty to Mitigate

11.6.1 To the extent not prevented by a Force Majeure Event pursuant to Article 11.3, the Affected Party shall continue to perform its obligations pursuant to this Agreement. The Affected Party shall use its reasonable efforts to mitigate the effect of any Force Majeure Event as soon as practicable.

11.7 Available Relief for a Force Majeure Event

11.7.1 Subject to this Article 11:
(a) no Party shall be in breach of its obligations pursuant to this Agreement except to the extent that the performance of its obligations was prevented, hindered or delayed due to a Force Majeure Event;
(b) every Party shall be entitled to claim relief in relation to a Force Majeure Event in regard to its obligations;
(c) For avoidance of doubt, neither Party’s obligation to make payments of money due & payable prior to occurrence of Force Majeure events under this Agreement shall be suspended or excused due to the occurrence of a Force Majeure Event in respect of such Party.
(d) Provided that no payments shall be made by either Party affected by a Force Majeure Event for the period of such event on account of its inability to perform its obligations due to such Force Majeure Event.

ARTICLE 12: CHANGE IN LAW

12.1 Definitions
In this Article 12, the term Change in Law shall refer to the occurrence of any of the following events pertaining to this project only after the last date of the bid submission, including
(i) the enactment of any new law; or
(ii) an amendment, modification or repeal of an existing law; or
(iii) the requirement to obtain a new consent, permit or license; or
(iv) any modification to the prevailing conditions prescribed for obtaining an consent, permit or license, not owing to any default of the RPG; or (v) any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the RPG Which have a direct effect on the Project.

However, Change in Law shall not include (i) any change in taxes on corporate income or (ii) any change in any withholding tax on income or dividends distributed to the shareholders of the RPG, or (iii) any change on account of regulatory measures by the Appropriate Commission.

In the event a Change in Law results in any adverse financial loss/ gain to the RPG then, in order to ensure that the RPG is placed in the same financial position as it would have been had it not been for the occurrence of the Change in Law, the RPG/ DISCOM shall be entitled to compensation by the other party, as the case may be, subject to the condition that the quantum and mechanism of compensation payment shall be determined and shall be effective from such date as may be decided by the Appropriate Commission.
In the event of any decrease in the recurring/nonrecurring expenditure by the RPG or any income to the RPG on account of any of the events as indicated above, RPG shall file an application to the Appropriate Commission no later than sixty (60) days from the occurrence of such event, for seeking approval of Change in Law. In the event of the RPG failing to comply with the above requirement, in case of any gain to the RPG, DISCOM shall withhold the monthly tariff payments on immediate basis, until compliance of the above requirement by the RPG.

12.2 Relief for Change in Law
12.2.1 The aggrieved Party shall be required to approach the Appropriate Commission for seeking approval of Change in Law.

12.2.2 The decision of the Appropriate Commission to acknowledge a Change in Law and the date from which it will become effective, provide relief for the same, shall be final and governing on both the Parties.

ARTICLE 13: EVENTS OF DEFAULT AND TERMINATION

13.1 RPG Event of Default
13.1.1 The occurrence and/or continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a breach by DISCOM of its obligations under this Agreement, shall constitute an RPG Event of Default:

(i) the failure to commence supply of power to DISCOM up to the Contracted Capacity, by the end of the period specified in Article 4, or failure to continue supply of Contracted Capacity to DISCOM after Commercial Operation Date throughout the term of this Agreement, or

if

a) the RPG assigns, mortgages or charges or purports to assign, mortgage or charge any of its assets or rights related to the Power Project in contravention of the provisions of this Agreement; or

b) the RPG transfers or novates any of its rights and/or obligations under this agreement, in a manner contrary to the provisions of this Agreement; except where such transfer
   o is in pursuance of a Law; and does not affect the ability of the transferee to perform, and such transferee has the financial capability to perform, its obligations under this Agreement or
   o is to a transferee who assumes such obligations under this Agreement and the Agreement remains effective with respect to the transferee;

(ii) if (a) the RPG becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or (b) any winding up or bankruptcy or insolvency order is passed against the RPG, or (c) the RPG goes into liquidation or dissolution or has a receiver or any similar officer appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to Law, provided that a dissolution or liquidation of the RPG will not be a RPG Event of Default if such dissolution or liquidation is for the purpose of a merger, consolidation or reorganization and where the resulting company retains creditworthiness similar to the RPG and expressly assumes all obligations of the RPG under this Agreement and is in a position to perform them; or

(iii) the RPG repudiates this Agreement and does not rectify such breach within a period of thirty (30) days from a notice from DISCOM in this regard; or

(iv) except where due to any DISCOM’s failure to comply with its material obligations, the RPG is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the RPG within thirty (30) days of receipt of first notice in this regard given by DISCOM.

(v) occurrence of any other event which is specified in this Agreement to be a material breach/default of the RPG.
(vi) except where due to any DISCOM’s failure to comply with its material obligations, the RPG is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the RPG within thirty (30) days of receipt of first notice in this regard given by DISCOM.

13.2 DISCOM Event of Default

13.2.1 The occurrence and the continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a breach by the RPG of its obligations under this Agreement, shall constitute the Event of Default on the part of defaulting DISCOM:

(i) DISCOM fails to pay (with respect to a Monthly Bill or a Supplementary Bill), subject to Article 10.5, for a period of ninety (90) days after the Due Date and the RPG is unable to recover the amount outstanding to the RPG through the Letter of Credit,

(ii) DISCOM repudiates this Agreement and does not rectify such breach even within a period of sixty (60) days from a notice from the RPG in this regard; or

(iii) except where due to any RPG’s failure to comply with its obligations, DISCOM is in material breach of any of its obligations pursuant to this Agreement, and such material breach is not rectified by DISCOM within sixty (60) days of receipt of notice in this regard from the RPG to DISCOM; or

if

- DISCOM becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of sixty (60) days, or
- any winding up or bankruptcy or insolvency order is passed against DISCOM, or
- DISCOM goes into liquidation or dissolution or a receiver or any similar officer is appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to Law, provided that it shall not constitute a DISCOM Event of Default, where such dissolution or liquidation of DISCOM or DISCOM is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and has creditworthiness similar to DISCOM and expressly assumes all obligations of DISCOM and is in a position to perform them; or

(iv) Occurrence of any other event which is specified in this Agreement to be a material breach or default of DISCOM.

13.3 Procedure for cases of RPG Event of Default

13.3.1 Upon the occurrence and continuation of any RPG Event of Default under Article 13.1, DISCOM shall have the right to deliver to the RPG, with a copy to the representative of the lenders to the RPG with whom the RPG has executed the Financing Agreements, a notice stating its intention to terminate this Agreement (DISCOM Preliminary Default Notice), which shall specify in reasonable detail, the circumstances giving rise to the issue of such notice.

13.3.2 Following the issue of a DISCOM Preliminary Default Notice, the Consultation Period of ninety (90) days or such longer period as the Parties may agree, shall apply and it shall be the responsibility of the Parties to discuss as to what steps shall be taken with a view to mitigate the consequences of the relevant Event of Default having regard to all the circumstances.

13.3.3 During the Consultation Period, the Parties shall continue to perform their respective obligations under this Agreement.

13.3.4 Within a period of seven (7) days following the expiry of the Consultation Period unless the Parties shall have otherwise agreed to the contrary or the RPG Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, DISCOM may terminate this Agreement by giving a written Termination Notice of sixty (60) days to the RPG.
13.3.5 Subject to the terms of this Agreement, upon occurrence of a RPG Event of Default under this Agreement, the lenders in concurrence with the DISCOM, may exercise their rights, if any, under Financing Agreements, to seek substitution of the RPG by a selectee for the residual period of the Agreement, for the purpose of securing the payments of the total debt amount from the RPG and performing the obligations of the RPG. However, in the event the lenders are unable to substitute the defaulting RPG within the stipulated period, DISCOM may terminate the PPA and may acquire the Project assets for an amount equivalent to 90% of the debt due or less as mutually agreed, failing which, the lenders may exercise their mortgage rights and liquidate the Project assets.

Provided that any substitution under this Agreement can only be made with the prior consent of DISCOM including the condition that the selectee meets the eligibility requirements of Request for Selection (RFS) issued by DISCOM and accepts the terms and conditions of this Agreement.

13.3.6 The lenders in concurrence with DISCOM, may seek to exercise right of substitution under Article 13.3.5 by an amendment or novation of the PPA in favour of the selectee. The RPG shall cooperate with DISCOM to carry out such substitution and shall have the duty and obligation to continue to operate the Power Project in accordance with this PPA till such time as the substitution is finalized. In the event of Change in Shareholding/Substitution of Promoters triggered by Financial Institutions leading to signing of fresh PPA with a new entity, an amount of Rs.1 Lakh per MW +18% GST per transaction as facilitation fee (non-refundable) shall be deposited by the RPG to DISCOM.

13.3.7 In the event the lenders are unable to substitute the defaulting RPG within the stipulated period, DISCOM may terminate the PPA and may acquire the Project assets for an amount equivalent to 90% of the debt due, failing which, the lenders may exercise their mortgage rights and liquidate the Project assets.

13.4 Procedure for cases of DISCOM Event of Default

13.4.1 Upon the occurrence and continuation of any DISCOM Event of Default specified in Article 13.2, the RPG shall have the right to deliver to DISCOM, a RPG Preliminary Default Notice, which notice shall specify in reasonable detail the circumstances giving rise to its issue.

13.4.2 Following the issue of a RPG Preliminary Default Notice, the Consultation Period of ninety (90) days or such longer period as the Parties may agree, shall apply and it shall be the responsibility of the Parties to discuss as to what steps shall be taken with a view to mitigate the consequences of the relevant Event of Default having regard to all the circumstances.

13.4.3 During the Consultation Period, the Parties shall continue to perform their respective obligations under this Agreement.

13.4.4 After a period of two hundred ten (210) days following the expiry of the Consultation Period and unless the Parties shall have otherwise agreed to the contrary or DISCOM Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, DISCOM under intimation to RPG shall, subject to the prior consent of the RPG, novate its part of the PPA to any third party, including its Affiliates within the stipulated period. In the event the aforesaid novation is not acceptable to the RPG, or if no offer of novation is made by DISCOM within the stipulated period, then the RPG may terminate the PPA and at its discretion require DISCOM to either (i) takeover the Project assets by making a payment of the termination compensation equivalent to the amount of the debt due and 150% (one hundred and fifty per cent) of the adjusted equity or, (ii) pay to the RPG, damages, equivalent to 6 (six) months, or balance PPA period whichever is less, of charges for its contracted capacity, with the Project assets being retained by the RPG.

Provided further that at the end of three (3) months period from the period mentioned in this Article 13.4.4, this Agreement may be terminated by the RPG.
13.5 *Termination due to Force Majeure*

13.5.1 If the Force Majeure Event or its effects continue to be present beyond a period as specified in Article 4.4.2, either Party shall have the right to cause termination of the Agreement. In such an event this Agreement shall terminate on the date of such Termination Notice without any further liability to either Party from the date of such termination.

**ARTICLE 14: LIABILITY AND INDEMNIFICATION**

14.1 *Indemnity*

14.1.1 The RPG shall indemnify, defend and hold DISCOM harmless against:

a) any and all third party claims against DISCOM for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by the RPG of any of its obligations under this Agreement; and

b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest actually suffered or incurred by DISCOM from third party claims arising by reason of a breach by the RPG of any of its obligations under this Agreement, (provided that this Article 14 shall not apply to such breaches by the RPG, for which specific remedies have been provided for under this Agreement).

14.1.2 DISCOM shall indemnify, defend and hold the RPG harmless against:

a) any and all third party claims against the RPG, for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by DISCOM of any of their obligations under this Agreement; and

b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest ('Indemnifiable Losses') actually suffered or incurred by the RPG from third party claims arising by reason of a breach by DISCOM of any of its obligations.

14.2 *Procedure for claiming Indemnity*

14.2.1 *Third party claims*

a) Where the Indemnified Party is entitled to indemnification from the Indemnifying Party pursuant to Article 14.1.1(a) or 14.1.2(a), the Indemnified Party shall promptly notify the Indemnifying Party of such claim referred to in Article 14.1.1(a) or 14.1.2(a) in respect of which it is entitled to be indemnified. Such notice shall be given as soon as reasonably practicable after the Indemnified Party becomes aware of such claim. The Indemnifying Party shall be liable to settle the indemnification claim within thirty (30) days of receipt of the above notice. Provided however that, if:

i) the Parties choose to refer the dispute before the Arbitrator in accordance with Article 16.3.2; and

ii) the claim amount is not required to be paid/ deposited to such third party pending the resolution of the Dispute,

the Indemnifying Party shall become liable to pay the claim amount to the Indemnified Party or to the third party, as the case may be, promptly following the resolution of the Dispute, if such Dispute is not settled in favour of the Indemnified Party.

b) The Indemnified Party may contest the claim by referring to the Arbitrator for which it is entitled to be Indemnified under Article 14.1.1(a) or 14.1.2(a) and the Indemnifying Party shall reimburse to the Indemnified Party all reasonable costs and expenses incurred by the Indemnified party. However, such Indemnified Party shall not settle or compromise such claim without first getting the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

An Indemnifying Party may, at its own expense, assume control of the defence of any proceedings brought against the Indemnified Party if it acknowledges its obligation to indemnify such Indemnified Party, gives such Indemnified Party prompt notice of its intention to assume control of the defence, and employs an independent legal counsel at its own cost that is reasonably satisfactory to the Indemnified Party.
14.3 **Indemnifiable Losses**
14.3.1 Where an Indemnified Party is entitled to Indemnifiable Losses from the Indemnifying Party pursuant to Article 14.1.1(b) or 14.1.2(b), the Indemnified Party shall promptly notify the Indemnifying Party of the Indemnifiable Losses actually incurred by the Indemnified Party. The Indemnifiable Losses shall be reimbursed by the Indemnifying Party within thirty (30) days of receipt of the notice seeking Indemnifiable Losses by the Indemnified Party. In case of non-payment of such losses after a valid notice under this Article 14.3, such event shall constitute a payment default under Article 13.

14.4 **Limitation on Liability**
14.4.1 Except as expressly provided in this Agreement, neither the RPG nor its/ their respective officers, directors, agents, employees or affiliates (or their officers, directors, agents or employees), shall be liable or responsible to the other Party or its affiliates, officers, directors, agents, employees, successors or permitted assigns or their respective insurers for incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection herewith, including claims in the nature of lost revenues, income or profits (other than payments expressly required and properly due under this Agreement), any increased expense of, reduction in or loss of power generation or equipment used therefore, irrespective of whether such claims are based upon breach of warranty, tort (including negligence, whether of DISCOM, the RPG or others), strict liability, contract, breach of statutory duty, operation of law or otherwise.

14.4.2 DISCOM shall have no recourse against any officer, director or shareholder of the RPG or any Affiliate of the RPG or any of its officers, directors or shareholders for such claims excluded under this Article. The RPG shall have no recourse against any officer, director or shareholder of DISCOM, or any affiliate of DISCOM or any of its officers, directors or shareholders for such claims excluded under this Article.

14.5 **Duty to Mitigate**
14.5.1 The Parties shall endeavour to take all reasonable steps so as mitigate any loss or damage which has occurred under this Article 14.

**ARTICLE 15: ASSIGNMENTS AND CHARGES**

15.1 **Assignments**
This Agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be assigned by any Party, except to the Project Lenders or Lender’s Representative as security for their debt under the Financing Agreements, other than by mutual consent between the Parties to be evidenced in writing. Such assignment shall be agreed to by DISCOM subject to the compliance of provisions contained in this Agreement and more specifically to the provisions of Article 4.1.1 of this Agreement. In no case, such assignment shall be permissible prior to the declaration of COD.

Provided that, DISCOM shall permit assignment of any of RPG’s rights and obligations under this Agreement in favour of the lenders to the RPG, if required under the Financing Agreements.

Provided that, such consent shall not be withheld if DISCOM seeks to transfer to any transferee all of its rights and obligations under this Agreement.

The enforcement of the rights and obligation between the RPG and the DISCOM provided in this Agreement shall not be treated as an assignment but an enforcement of the terms agreed under this Agreement.

Provided further that any successor(s) or permitted assign(s) identified after mutual agreement between the Parties may be required to execute a new agreement on the same terms and conditions as are included in this Agreement. An amount of Rs.1 Lakh per Transaction as Facilitation Fee (non-refundable) shall be deposited by the RPG to DISCOM. Provided further that, such consent shall not be withheld by the RPG if DISCOM seeks to transfer to any affiliate all of its rights and obligations under this Agreement.
In the event of Change in Shareholding/Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a New Entity, an amount of Rs.1 Lakh per Transaction as Facilitation Fee (non-refundable) shall be deposited by the RPG to DISCOM.

15.2 Permitted Charges
15.2.1 RPG shall not create or permit to subsist any encumbrance over all or any of its rights and benefits under this Agreement, other than as set forth in Article 15.1 and the Guidelines.

ARTICLE 16: GOVERNING LAW AND DISPUTE RESOLUTION

16.1 Governing Law
16.1.1 This Agreement shall be governed by and construed in accordance with the Laws of India. Any legal proceedings in respect of any matters, claims or disputes under this Agreement shall be under the jurisdiction of appropriate courts in ________________

16.2 Amicable Settlement and Dispute Resolution
16.2.1 Amicable Settlement
   i) Either Party is entitled to raise any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement ("Dispute") by giving a written notice (Dispute Notice) to the other Party, which shall contain:
      (a) a description of the Dispute;
      (b) the grounds for such Dispute; and
      (c) all written material in support of its claim.
   ii) The other Party shall, within thirty (30) days of issue of Dispute Notice issued under Article 16.2.1(i), furnish:
       (a) counter-claim and defences, if any, regarding the Dispute; and
       (b) all written material in support of its defences and counter-claim.
   iii) Within thirty (30) days of issue of Dispute Notice by any Party pursuant to Article 16
       (a) if the other Party does not furnish any counter claim or defence under Article 16
       (b) or thirty (30) days from the date of furnishing counter claims or defence by the other Party, both the Parties to the Dispute shall meet to settle such Dispute amicably. If the Parties fail to resolve the Dispute amicably within thirty (30) days from the later of the dates mentioned in this Article 16.2.1.
       (c) the Dispute shall be referred for dispute resolution in accordance with Article 16.3.

16.3 Dispute Resolution
16.3.1 Dispute Resolution by the Appropriate Commission
   i) Where any Dispute or differences arises in relation to this agreement of any nature whatsoever including the construction, interpretation or implementation of the provisions of this agreement as well as claim made by any Party for any change in or determination of the Tariff or any matter related to Tariff or claims made by any Party which partly or wholly relate to any change in the Tariff or determination of any of such claims could result in change in the Tariff, and relates to any matter agreed to be referred to the Appropriate Commission, shall be submitted to adjudication by the Appropriate Commission. Appeal against the decisions of the Appropriate Commission shall be made only as per the provisions of the Electricity Act, 2003, as amended from time to time.
   ii) DISCOM shall be entitled to co-opt the lenders (if any) as a supporting party in such proceedings before the Appropriate Commission.

16.3.2 Dispute Resolution through Arbitration
   i) If the Dispute arising as per Article 16.2.1 is not amicably resolved & such dispute is not covered in Article 16.3.1(i), such Dispute shall be resolved by arbitration under the provisions of the Electricity Act, 2003 (as amended from time to time) as under: Proceedings as well as appointment of the arbitrator(s) shall be carried out by the Appropriate Commissions under the Electricity Act 2003 as amended from time to time.
As stipulated by the said Electricity Act 2003, the said arbitration will take place as per the provisions of the Arbitration and Conciliation Act 1996 as amended from time to time.

ii) The place of arbitration shall be the ________ (City where head quarter of DISCOM is located). The language of the arbitration shall be English.

iii) The Arbitration Tribunal's award shall be substantiated in writing. The Arbitration Tribunal shall also decide on the costs of the arbitration proceedings and the allocation thereof.

iv) The provisions of this Article shall survive the termination of this PPA for any reason whatsoever.

v) The award shall be of majority decision.

vi) DISCOM shall be entitled to co-opt the lenders (if any) as a supporting party in such arbitration proceedings.

16.4 Parties to Perform Obligations

16.4.1 Notwithstanding the existence of any Dispute and difference referred to the Appropriate Commission and save as the Appropriate Commission may otherwise direct by a final or interim order, the Parties hereto shall continue to perform their respective obligations (which are not in dispute) under this Agreement.

ARTICLE 17: MISCELLANEOUS PROVISIONS

17.1 Amendment
17.1.1 This Agreement may only be amended or supplemented by a written agreement between the Parties.

17.2 Third Party Beneficiaries
17.2.1 This Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns and shall not be construed as creating any duty, standard of care or any liability to, any person not a party to this Agreement.

17.3 Waiver
17.3.1 No waiver by either Party of any default or breach by the other Party in the performance of any of the provisions of this Agreement shall be effective unless in writing duly executed by an authorised representative of such Party.

17.3.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement nor time or other indulgence granted by one Party to the other Parties shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right under this Agreement, which shall remain in full force and effect.

17.4 Confidentiality
17.4.1 The Parties undertake to hold in confidence this Agreement and not to disclose the terms and conditions of the transaction contemplated hereby to third parties, except:

a) to their professional advisors;
b) to their officers, contractors, employees, agents or representatives, financiers, who need to have access to such information for the proper performance of their activities; or
c) disclosures required under Law, without the prior written consent of the other Party.

17.5 Severability
17.5.1 The invalidity or unenforceability, for any reason, of any part of this Agreement shall not prejudice or affect the validity or enforceability of the remainder of this Agreement, unless the part held invalid or unenforceable is fundamental to this Agreement.

17.6 Notices
17.6.1 All notices or other communications which are required to be given under this Agreement shall be in writing and in the English language.
17.6.2 If to the RPG, all notices or other communications which are required must be delivered personally or by registered post or facsimile or any other method duly acknowledged to the addresses below:
Address:
Attention:
Email:
Fax. No. :
Telephone No. :

17.6.3 If to DISCOM, all notices or communications must be delivered personally or by registered post or facsimile or any other mode duly acknowledged to the address(es) below:
Address:
Attention:
Email:
Fax. No. :
Telephone No. :

17.6.4 All notices or communications given by facsimile shall be confirmed by sending a copy of the same via post office in an envelope properly addressed to the appropriate Party for delivery by registered mail. All notices shall be deemed validly delivered upon receipt evidenced by an acknowledgement of the recipient, unless the Party delivering the notice can prove in case of delivery through the registered post that the recipient refused to acknowledge the receipt of the notice despite efforts of the postal authorities.

17.6.5 Any Party may by notice of at least fifteen (15) days to the other Party change the address and/or addresses to which such notices and communications to it are to be delivered or mailed.

17.7 Language
17.7.1 All agreements, correspondence and communications between the Parties relating to this Agreement and all other documentation to be prepared and supplied under the Agreement shall be written in English, and the Agreement shall be construed and interpreted in accordance with English language.

17.7.2 If any of the agreements, correspondence, communications or documents are prepared in any language other than English, the English translation of such agreements, correspondence, communications or documents shall prevail in matters of interpretation.

17.8 Restriction of Shareholders / Owners' Liability
17.8.1 Parties expressly agree and acknowledge that none of the shareholders of the Parties hereto shall be liable to the other Parties for any of the contractual obligations of the concerned Party under this Agreement. Further, the financial liabilities of the shareholder/s of each Party to this Agreement, shall be restricted to the extent provided in the Indian Companies Act, 2013.

17.9 Taxes and Duties
17.9.1 The RPG shall bear and promptly pay all statutory taxes, duties, levies and cess, assessed/ levied on the RPG, contractors or their employees that are required to be paid by the RPG as per the Law in relation to the execution of the Agreement and for supplying power as per the terms of this Agreement.

17.9.2 DISCOM shall be indemnified and held harmless by the RPG against any claims that may be made against DISCOM in relation to the matters set out in Article 17.9.1.

17.9.3 DISCOM shall not be liable for any payment of, taxes, duties, levies, cess whatsoever for discharging any obligation of the RPG by DISCOM on behalf of RPG.
17.10 **Independent Entity**
17.10.1 The RPG shall be an independent entity performing its obligations pursuant to the Agreement.

17.10.2 Subject to the provisions of the Agreement, the RPG shall be solely responsible for the manner in which its obligations under this Agreement are to be performed. All employees and representatives of the RPG or contractors engaged by the RPG in connection with the performance of the Agreement shall be under the complete control of the RPG and shall not be deemed to be employees, representatives, contractors of DISCOM and nothing contained in the Agreement or in any agreement or contract awarded by the RPG shall be construed to create any contractual relationship between any such employees, representatives or contractors and DISCOM.

17.11 **Compliance with Law**
Despite anything contained in this Agreement but without prejudice to this Article, if any provision of this Agreement shall be in deviation or inconsistent with or repugnant to the provisions contained in the Electricity Act, 2003, or any rules and regulations made there under, such provision of this Agreement shall be deemed to be amended to the extent required to bring it into compliance with the aforesaid relevant provisions as amended from time to time.

17.12 **Breach of Obligations**
The Parties acknowledge that a breach of any of the obligations contained herein would result in injuries. The Parties further acknowledge that the amount of the liquidated damages or the method of calculating the liquidated damages specified in this Agreement is a genuine and reasonable pre-estimate of the damages that may be suffered by the non-defaulting party in each case specified under this Agreement.

IN WITNESS WHEREOF the Parties have caused the Agreement to be executed through their duly authorized representatives as of the date and place set forth above

For and on behalf of
(DISCO)
Name, Designation &
Address

Signature with Seal

Witness:
1.
2.

For and on behalf of
(RPG)
Name, Designation &
Address

Signature with Seal

Witness:
1.
2.
ANNEXURE-F

MODEL LEASE AGREEMENT

This AGREEMENT OF LEASE entered into on this ______ day of __________________ at __________________.

BETWEEN:

______________________________ (hereinafter referred to as the “LESSOR/OWNER”, which expression shall, wherever the context so requires or admits, SHALL mean and include his legal heirs, executors, administrators and assignees);

AND:

__________________________ (Name of Renewable Power Generator (RPG))

Represented by __________________________

(hereinafter referred to as the “LESSEE, which expression shall, wherever the context so requires or admits, SHALL mean and include its executors, administrators and assignees successors in interest).

I. WHEREAS the Lessor is the owner in possession of the Barren/ Agricultural land measuring ______ Acre ______ Kanal ______ marla ______ Share out of Had bast No. _______, Khewat No. _______, Khatoni No. _______, Khasra No. _______, Mustil No. _______, Kila No. _______, situated at Village/City ______ Tehsil ______ District which is more fully described in the Schedule hereunder and hereinafter referred to as the Schedule property.

(Note: The legal revenue terms to be changes to those prevalent in the State)

II. WHEREAS the __________________________ (Name of RPG) being a __________________________ (Details of RPG) with an object to plan, develop and operate Renewable Energy based Power Plant (REPP) under MNRE Scheme notified on 8th March 2019.

III. (a) WHEREAS pursuant to the request of the Lessee, the Lessor has agreed to grant the lease, the Lessee has agreed to take on lease from the Lessor the land which is more fully described in Schedule written hereunder and hereinafter referred to as “THE SCHEDULE PROPERTY” for setting up of the “_______ Power Plant”.

(b) That pursuant to the request of the Lessee, the Lessor has submitted an application under Section ______ for the conversion of the land and on behalf of the Lessor/owner the __________________________ (Name of RPG) shall presume that the land is deemed to have been converted for non-agricultural purposes. (Clause to be modified as per State Policy for use of Agriculture land for generation of renewable power).

IV. NOW THIS AGREEMENT OF LEASE WITNESSES THAT in consideration of the above and of the mutual covenants of the Parties hereto, the Lessor hereby grants and the Lessee hereby accepts the lease of the Schedule property on the following terms and conditions:

1. PURPOSE OF LEASE:

The grant of lease by the Lessor to the lessee in respect of the Schedule property is for the purpose of developing a _______ Power Plant under MNRE Scheme notified on 8th March 2019.
2. **PERIOD OF THE LEASE:**
The period of this Lease shall be for Twenty-seven (27) years from this day which may be renewed at the option of the Lessee and Lessor for further period, on such mutually agreeable terms as may be agreed at the time of renewal, by both the parties, by executing and registering separate Lease Agreement.

3. **RENT:**
   (a) The rent payable by the Lessee to the Lessor for the Schedule Property shall be Rs. ____/- (Rupees ____________) only per annum per Acre. The portion of the land less than one Acre shall be calculated in terms of Square meter and the rent payable for the same shall be at Rs. ____/- per Square meter or part thereof, per annum.
   
   OR
   
The rent payable by the Lessee to the Lessor after Commercial Operation of the power plant shall be Rs. ____ per unit of total power generated from the power plant installed on the land of Lessor. Till the start of commercial operation of the plant, the rent shall be Rs. ____/- (Rupees ____________) only per annum per Acre.
   
   (b) The annual rent shall be paid in twelve equal instalments and each instalment to be paid by 5th day of every month, by crediting the same to the Lessor’s Bank Account the details of which may be furnished by the Lessor from time to time.
   
   OR
   
   In case of lease rent on the basis of Rs. ____ per unit, the monthly lease rent would be calculated on the basis of monthly electricity injected in to the grid from the power plant installed on the land of Lessor.
   
   (c) Lessor may opt for payment of lease rent directly from the Distribution company, which will sign Power Purchase Agreement with Lessee for the above-mentioned Power Plant to be installed by Lessee. In such a case the Distribution company will pay the lease rent to Lessor on monthly basis from the proceeds payable to the Lessee in lieu of Power supplied by Lessee. In order to give this effect a suitable provision will be made in the PPA to be signed between Lessee and the Distribution Company.
   
   (d) (on mutual agreement between Lessor and Lessee) The rent hereby reserved shall be paid by enhancing the same at the end of every _____ year(s), at ____% on the rent hereby agreed.
   
   (e) If the Lessee delays the payment of rent by due date of every month, for any reason, the same shall be paid by adding the interest at the rate ____% for the said delayed period.

4. **GENERAL TERMS:**
   i) In consideration of the rent herein agreed as payable to the Lessor being paid by the Lessee regularly and on complying other terms and conditions and covenants by the Lessee, the Lessee shall peacefully possess and enjoy the Schedule Property during the lease period without any interruption by the Lessor.
   
   ii) The Lessor shall allow the Lessee or its representatives to conduct survey and other related work.
   
   iii) The Lessor has no objections for the Lessee to establish the _______ Power Plant in the Schedule property which is the purpose of the grant of this lease and to that effect the Lessee entering into any agreement/s, deeds with companies, individuals, developers/third party etc. in respect of the Schedule property.
   
   iv) The Lessor has no objections for the Lessee or its representatives for installation of machineries, equipments, etc. for generation of _______ power in the Schedule property and all work relating to thereto including but not limited to laying poles, wires, etc.
5. EVENT OF SALE, ACCEPTANCE OF LEASE BY THE NEW OWNER:
   (a) In the event of the owners transferring their rights/interest in any manner during the
       existence of the lease to any other person, the same may be allowed without affecting the
       rights of the Lessee under the Lease Agreement in any manner and the owners/
       purchasers/transferees shall inform the Lessee about the acquiring of the right/interest in
       respect of the leased property and on receipt of such information, the Lessee shall accept
       such new purchaser's/transferee's ownership of the land and obtain a written confirmation
       from such new owner/purchaser/transferee to the effect that he will be bound by the terms
       of the Lease Agreement.
   (b) In the event of the owners transferring their rights/interest to any other person, the same
       may be informed to the Lessee and the Lessor shall ascertain and obtain all the necessary
       documents from the transferee to the effect that the transferee will be bound by the terms
       and conditions of the Lease Agreement for the balance period of the lease or for using the
       said documents for renewal of the lease for the balance period.
   (c) During the subsistence of the lease, the Lessor shall not carry any activity, in the Schedule
       property, other than those agreed in this agreement;
   (d) The change in the legal status of the Lessee shall not affect the terms and conditions of
       this Agreement.
   (e) The original Lease Agreement shall be with the Lessee and the copy of the same will be
       with the Lessor.
   (f) In the event of any dispute in respect of the land, the Lessee shall deposit the rent in the
       concerned civil court. In the event of retention of the rent with the Lessee, the Lessee shall
       be pay the same together with interest thereon at the rate ___% for such period.
   (g) The Lessee shall not offer or create any charge or encumbrance by offering the same as
       by way of mortgage, security, etc. in favour of any Banks or financial institutions in respect
       of the loans or advances or any other financial facilities that may be availed by the Lessee.
   (h) The owners shall pay the land tax/revenue in respect of the lands.

6. PAYMENT OF STAMP DUTY AND REGISTRATION CHARGES:
The stamp duty and other registration charges, as applicable for this Agreement of Lease
shall be paid by the Lessee.

7. FORCE MAJEURE:
   It is also agreed and understood between the parties that in case of any mishap due to
   fire, earthquake, strike, floods, tempest, war, riot, civil war or civil commotions, mob
   violence, civil disturbance, act of God or on account of terrorist attack, the Lessor shall not
   be liable for any loss or damage that may be occasioned to the Lessee/its merchandise.

8. ADDRESSES FOR CORRESPONDENCE, ETC.:
   Any notice and/or communications between the Parties shall be deemed to be sufficient,
   if delivered by hand under acknowledgement or sent by registered post acknowledgement
due to the following address or the address that may be intimated in writing to the Lessee
by the Lessor from time to time:

LESSOR'S:

LESSEE'S:
9. LESSOR'S DUTIES, COVENANTS AND OBLIGATIONS
   a) The Lessor hereby covenants with the Lessee that the Lessee paying regularly the rents hereby reserved and performing and observing all the covenants of the Lessee herein contained, shall be entitled, during the subsistence of this lease to enjoy the Schedule property without let, hindrance or interference from the Lessor or any other person/s claiming through or under him; Still, in the event of the Lessee restrained from enjoying the peaceful possession of the Schedule property or on account of any action by the Government during the period of lease and in the event of dispossession of the Lessee from the Schedule property or any portion thereof forcibly, due to any default of the Lessor, the Lessor shall make good the reasonable loss that may be suffered by the Lessee.
   b) The Lessor shall offer necessary support and co-operation to the Lessee in its process to obtain required permission/s, approval/s, clearances, etc., from any Statutory Authority or other Local Bodies for the purpose of obtaining and licence, permissions, etc., for installation of power plant. However, obtaining such permission/s, approval/s, clearances, etc., shall be the sole responsibility of Lessee.

10. LESSEE'S COVENANT AND OBLIGATIONS:
   The Lessee hereby covenants with the Lessor as under:
   (a) The Schedule property shall be utilised for the purpose referred to in Clause (1) above;
   (b) The Lessee shall pay the rents (as per Clause (3)) regularly and promptly;

11. TERMINATION AND RE-ENTRY:
   The Lease shall be determinable under all or any of the following circumstances, namely—
   (i) by efflux of time;
   (ii) in the event of breach by either party of the terms, conditions and covenants hereof;
   (iii) if the Scheduled Premises or any part thereof is severely damaged or destroyed due to any unforeseen circumstances or civil commotion, act of God, etc., and these damages be not restored to by the LESSOR within a reasonable time or if the demised premises is acquired compulsorily by any authority;
   (iv) After the expiry of lease period, the Lessee shall handover the land to the Lessor as it was existed previously at the time of this agreement (subject to normal wear and tear).

12. VARIATION:
   The Lessor and the Lessee hereto acknowledge that this agreement supersedes all prior communications between them including all oral or written proposals. Any variation, addition and modifications of this agreement between the parties shall be valid only if in writing by the Lessor and Lessees authorized representative.

13. ARBITRATION:
   a) Any disputes or differences arising between the Parties hereto as to the effect, interpretation or application any of the clauses of this LEASE AGREEMENT or as to their rights, duties or liabilities thereunder, or as to any act, matter or thing arising out of, or consequent to, or in connection with this LEASE AGREEMENT shall be referred to and resolved by Arbitration by referring the same for arbitration to any retired District Judge and shall be resolved finally at his arbitration under Arbitration and Conciliation Act 1996 and its Amendments or any other Enactment. The Arbitration proceedings shall be held at __________ and shall be in English/_________ Language.
b) This LEASE AGREEMENT shall be governed by the laws of India. The Courts at __________ alone shall have the jurisdiction to entertain and or try any dispute arising out of or in connection with or in relation to the terms of this LEASE AGREEMENT.

IN WITNESS WHEREOF the parties hereto have executed these presents in the presence of the witnesses attesting hereunder on the day, month and year mentioned hereinabove.

LESSOR

LESSEE

WITNESSES:

1.

2.
SCHEDULE PROPERTY

All that piece and parcel of Barren/ Agricultural land measuring ____ Acre _____ Kanal ______
Maria ______ Share out of Hadbast No._______ Khewat No._______ Khatoni No._______
Khasra No.__________ Mustil No._______ Kila No._____________ situated at Village/City
_____________ Tehsil ___________ District and bounded on the:

(Note: The legal revenue terms to be changed to those prevalent in the State)

East by :

West by :

North by :

South by :
Sub: DFS INDENT 5322: Financing under Component-A of PM-KUSUM Scheme

The Guidelines under Component -A of Pradhan Mantri Kisan Urja Suraksha evam Uttham Mahabhiyan (PM-KUSUM) scheme are furnished below;

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Scheme guidelines for PM KUSUM - Component- A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Setting up of small Solar or Renewable Energy Power Plants (REPP). For Setting up of Decentralized Grid Connected Renewable Energy Power Plants on barren land. Under this component, renewable energy based power plants (REPP) of capacity 500 kW to 2 MW will be setup by individual farmers/group of farmers/ cooperatives/ panchayats/ Farmer Producer Organisations (FPO)/Water User associations (WUA) on barren/fallow land.</td>
</tr>
<tr>
<td><strong>Beneficiary</strong></td>
<td>Individual farmers/ group of farmers/ cooperatives/ panchayats/ Farmer Producer Organisations (FPO)/Water User associations (WUA). The beneficiaries are termed as Renewable Power Generator (RPG).</td>
</tr>
</tbody>
</table>
| **Eligibility**     | • Capacity of the REPP is ranging from 500 kW to 2 MW.  
• REPP should be preferably installed within 5 km radius of sub-station to avoid transmission loss.  
• RPG should have a Power Purchase Agreement (PPA) with DISCOMs which is valid up to 25 years from Commercial Operation Date (COD) of the project.  
• RPG should offer Rs.5 lakh/MW as Performance Bank Guarantee to DISCOMs and the same will be returned to RPG on commissioning of the plant.  
• REPP should set up preferably on barren/uncultivable own/lease land. If Agriculture land is selected, the solar plants are installed in stilt fashion with adequate spacing without affecting the farming activity.  
• RPG is liable to pay compensation to DISCOMs on any shortfall in power generation after commissioning of the plant.  
• Developer of REPP at lease land should have a net worth more than Rs.1 Crore per MW except REPP developed at own land.  
• RPG requires all necessary clearance from State Government & other local bodies for setting up the REPP. |
| **Application Sourcing & Installation** | • DISCOMs will be short listing the eligible RPGs for setting up REPP.  
• The selected RPG shall commission the solar power plant within nine months from date of issuance of Letter of Award (LoA) and in case of any extension; the extant guidelines shall be adhered to.  
• DISCOMs will get Procurement Based Incentive (PBI) @ 40 paise/kWh or Rs.6.60Lakhs/MW/year from the Commercial Operation Date (COD) of REPP.  
• Tri-partite agreement to be executed between DISCOMS, Borrower and Bank for receipt of sale proceeds of power produced to Escrow Account with our Bank. |
<p>| <strong>Subsidy</strong>         | NIL                                                                                                           |</p>
<table>
<thead>
<tr>
<th>Margin</th>
<th>Margin is 30% of project cost.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantum of loan</td>
<td>70% of project cost enumerated in DPR (Earnest Money Deposit of Rs. 1 Lakh/MW in the form of Bank Guarantee and Performance Bank Guarantee of Rs. 5 Lakh/MW will be the part of total project cost)</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td></td>
</tr>
<tr>
<td>Loan slab</td>
<td>Rate of Interest</td>
</tr>
<tr>
<td>Loans upto Rs 3.0 lakhs</td>
<td>MCLR + 1.40 % p.a</td>
</tr>
<tr>
<td>Loans 3.00 lakhs to 1.00 Crore</td>
<td>MCLR + 2.30 % p.a</td>
</tr>
<tr>
<td>Loans 1.00 to 2.00 Crore</td>
<td>MCLR + 2.20 to 3.50 % p.a</td>
</tr>
<tr>
<td>Loans 2.00 to 25.00 Crore</td>
<td>MCLR + 2.20 to 3.75 % p.a</td>
</tr>
<tr>
<td>Above 25.00 Cr</td>
<td>MCLR + 1.20 to 4.50 % p.a</td>
</tr>
<tr>
<td>Note: For loans repayable more than 1 year upto 5 years and more than 5 years, the liquidity premium will be loaded to the Card rates additionally, as given below:</td>
<td></td>
</tr>
<tr>
<td>Repayable &gt; 1 year upto 5 years</td>
<td>0.40 % p.a.</td>
</tr>
<tr>
<td>Repayable &gt; 5 years 0.85%</td>
<td>0.85 % p.a.</td>
</tr>
<tr>
<td>Security</td>
<td>For loans up to Rs.1.60 Lakhs:</td>
</tr>
<tr>
<td></td>
<td>Hypothecation of assets created out of Bank finance and coverage under CGTMSE may be explored.</td>
</tr>
<tr>
<td></td>
<td>Above Rs.1.60 Lakhs:</td>
</tr>
<tr>
<td></td>
<td>1. Hypothecation of Assets created out of our finance &amp; CGTMSE coverage may be explored.</td>
</tr>
<tr>
<td></td>
<td>2. Mortgage of landed property with Post development security value of minimum 125% of the loan amount.</td>
</tr>
<tr>
<td></td>
<td>3. Tri-partite agreement to be executed between DISCOMS, Borrower and Bank for receipt of sale proceeds of power produced to Escrow Account with our Bank.</td>
</tr>
<tr>
<td></td>
<td>4. Wherever Tri-partite agreement is not executed between DISCOMS, Borrower and Bank for receipt of sale proceeds of power produced to Escrow Account, additional collateral of 50% of sanctioned limit to be obtained.</td>
</tr>
<tr>
<td>Repayment</td>
<td>15 years including one year Repayment Holiday. Repayment holiday for both principal and interest. Interest during moratorium to be paid along with future installments. Repayable in monthly/ Quarterly/ Half-yearly/ Yearly installments depending on income generation.</td>
</tr>
</tbody>
</table>
Processing charges are as under:

<table>
<thead>
<tr>
<th>Loan slab</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to Rs. 25000/-</td>
<td>Nil</td>
</tr>
<tr>
<td>Above Rs. 25000/- to Rs. 2.00 Lakh</td>
<td>0.50% of loan amount with the Minimum amount of Rs.500/-</td>
</tr>
<tr>
<td>Above Rs. 2.00 Lakh to Rs. 25.00 Lakh</td>
<td>0.75% of loan amount with the Minimum amount of Rs.2000/-</td>
</tr>
<tr>
<td>Above 25.00 Lakh</td>
<td>1% of loan amount (including appraisal Charges) No Maximum cap</td>
</tr>
</tbody>
</table>

Classification: Priority - Agriculture - Farm Credit
All Branches / Offices in India

Sub: New Scheme for financing - Pradhan Mantri Kisan Urja Suraksha Evam Uthhan Mahabhiyan (PM-KUSUM) Scheme.

Gist & Action Points

• The scheme aims at financing of Decentralized renewable energy plants, solar agriculture water pumps and solarisation of existing grid connected Agriculture pumps.

• The scheme would ensure sufficient availability of local solar/other renewable energy based power for feeding rural load centres and agriculture pump-set loads.

Government of India’s aim to increase the share of installed capacity of electric power from non-fossil-fuel sources to 40% by 2030 as part of Intended Nationally Determined Contributions (INDCs) and accordingly the Government has approved scaling-up of solar power target from 20,000 MW to 1,00,000 MW by 2022.

In order to achieve this ambitious aim, Large Scale Solar power generation projects are being installed across country. It has also been planned to simultaneously develop decentralized Solar/ renewable energy generation Plants of capacity up to 2 MW which could be connected directly to existing 33/11 kV or 66/11 kV or 110/11 kV sub-stations of Distribution Company.

Such plants may be developed near these sub-stations, preferably by farmers, utilizing their barren/ uncultivable land for solar based power plants, which will add to their income. Cultivable land may also be used if the solar plants are set up on stilts facilitating simultaneous cultivation.

Further, it is planned to replace Agriculture Diesel pumps with Solar Water pumps and Solarise Grid connected Agriculture pumps. At present, out of 30 million agricultural pumps, nearly 10 million pumps are diesel based.

Accordingly, Ministry of New and Renewable Energy has formulated the Pradhan Mantri Kisan Urja Suraksha Evam Uthhan Mahabhiyan (PM-KUSUM)
scheme for farmers for installation of Solar Pumps and grid connected solar and other renewable power plants in the country. ARBD has formulated a scheme PM – KUSUM in line with the guidelines of the Ministry of New and Renewable Energy, Government of India and placed the same before the Board of Directors for approval. The Board of Directors in the meeting dated 6th September 2021 has accorded approval and the salient features of the scheme as under;

**Salient Features of the Scheme:**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Parameter</th>
<th>Details</th>
</tr>
</thead>
</table>
| 1.     | Objective | The scheme aims to add solar and other renewable capacity of 25,750 MW by 2022 with total central financial support of Rs. 34,422 Crore including service charges to the implementing agencies. The Scheme consists of three components:  
  - Component A: 10,000 MW of Decentralized Ground Mounted Grid Connected Renewable Power Plants of individual plant size up to 2 MW.  
  - Component B: Installation of 17.50 lakh standalone Solar Powered Agriculture Pumps of individual pump capacity up to 7.5 HP.  
  - Component C: Solarisation of 10 Lakh Grid-connected Agriculture Pumps of individual pump capacity up to 7.5 HP. |
| 2.     | Type of Facilities | Term Loan |
| 3.     | Scheme Code & RBC Code |  |
|        | Scheme Name | Parameter | Scheme Code | RBC Code |
|        | Component A | EMI Based | LA813 | As applicable |
|        | Component B | Non-EMI Based | L813A | |
|        | Component C | EMI Based | L813B | 13010-17 |
|        | Component C | EMI Based | L813C | 13010-17 |
| 4.     | Target Group | Individual farmers, Group of farmers, Co-operatives, Panchayats, Farmer Producer Organizations (FPO), Water User Association (WUA), Sole Proprietorship & Partnership Firm etc. |
| 5.     | Scheme Components | Component – A: For setting up of 10,000 MW of Decentralized Grid Connected Renewable Energy Power Plants on barren land. Under this component, Renewable Energy based Power Plants (REPP) of capacity 500 kW to 2 MW will be set up by Renewable Power Generators i.e individual Farmers/Group of Farmers/ Co-operatives/ Panchayats/
States/DISCOMS may allow setting-up of solar or other renewable energy based power plants of capacity less than 500 kW in specific cases. The renewable energy power project will be installed within five km radius of the sub-stations in order to avoid high cost of sub-transmission lines and to reduce transmission losses.

The Distribution companies (DISCOMs) will notify sub-station wise surplus capacity which can be fed from such RE power plants to the Grid and shall invite applications from interested beneficiaries for setting up the renewable energy plants. The renewable energy power generated will be purchased by DISCOM at pre-fixed levelised tariff.

In case, the aggregate capacity offered by Applicants is more than notified capacity for a particular sub-station, bidding route will be followed by DISCOMs to select Renewal Power Generator (RPG) and in such cases the pre-fixed levelised tariff will be ceiling tariff for bidding. Selection of bidders will be based on the lowest tariff offered in the ascending order as quoted by the bidders in the closed bid or e-reverse auction as the case may be.

A model PPA (Power Purchase Agreement) enclosed as Annexure - I to be executed between RPG and DISCOMs prepared by MNRE. The duration of PPA will be 25 years from Commercial Operation Date (COD) of the project.

The total energy purchased from these RE plants will be accounted for fulfillment of Renewal Purchase Obligation (RPO) by the DISCOM.

In case the farmers/group of farmers/ cooperatives/ panchayats/Farmer Producer Organisations (FPO)/ Water User Associations (WUA) etc. are not able to arrange equity required for setting up the Renewal Energy based Power Plant (REPP), they can opt for developing the REPP through developer(s) or even through local DISCOM, which will be considered as RPG in this case.
In such a case, the land owner will get lease rent as mutually agreed between the parties. The lease rent may be in terms of Rs per year per acre of land or in terms of Rs per unit energy generated per acre of land area. The farmer may opt for payment of land area. The farmer(s) may opt for payment of lease rent directly in their bank account by the DISCOM, from the payment due to the developer.

The REPP under the scheme would be implemented primarily on barren/uncultivable land. Agriculture land is also permitted under the scheme provided that solar plants are installed in stilt fashion (i.e. raised structure for installation of Solar panels) and with adequate spacing between panel rows for ensuring that farmers continue to cultivate the land apart from getting the benefit of lease rent if REPP is established on leased land.

The RPG would be free to adopt any renewable energy source or technology while responding to the bid.

In such a case DISCOM may also float bids (in case of specific substations) where setting up of solar projects on stilts may be mandatorily required, and bids of energy tariff invited accordingly.

DISCOM or any agency authorized by DISCOM shall invite 33/11 kV or 66/11 kV or 110/11 kV sub-station wise Expression of Interest (EoI) from RPG to participate in selection process for development of decentralized renewable power plants.

The RPG shall submit their interest against the Expression of Interest (EoI) as per the schedule notified by DISCOM. An RPG will not be allowed to apply for more than one renewable power plant for a particular 33/11 kV sub-station. The EoI of RPG will also be disqualified if it is found that its proprietor/partner/director/member has also filed EoI as proprietor/partner/director/member for another RPG for the same sub-station.

The DISCOM or any agency authorized by the DISCOM may request to submit non-refundable processing fee from the interested RPGs, which in no case shall be higher than Rs.5000 per MW or part thereof of the capacity applied for.
In order to ensure only quality systems are installed, prevailing MNRE/BIS specifications and quality control orders applicable for solar modules, inverters, BoS and other equipment shall be followed.

In case of REPP being developed by a developer, the Net-Worth of the developer should not be less than Rs.1.00 Crore per MW (of the capacity applied). This shall not be applicable for farmer's cooperative or panchayats or Farmer Producer Organisations (FPO)/Water User Associations (WUA) of farmers setting up REPP in their own lands.

Procurement Based Incentive (PBI) @40 paise/kWh or Rs.6.6 lakh /MW/year, whichever is less will be provided for a period of five years from the Commercial Operation Date (COD) by MNRE to DISCOMs for buying the power from farmer/developer.

Component B - (Installation of 17.5 lakh Stand alone Solar pumps) for installation of 17.50 lakh Stand alone solar agriculture pumps.

Under this component, farmers will be supported to install standalone solar Agriculture pumps, irrigation systems in off-grid areas, where grid supply is not available.

Pumps of capacity higher than 7.5 HP can also be installed; however, the financial support will be limited to 7.5 HP capacity.

Component C - (Solarisation of 10 lakh Grid connected Agriculture Pumps) for solarisation of 10 lakh Grid Connected Agriculture Pumps.

Under this component, farmers having grid connected agriculture pump will be supported to solarized pumps. The farmer will be able to use the generated solar power to meet the irrigation needs and the excess solar power will be sold to DISCOMs at pre-fixed tariff.

Central Financial Assistance (CFA) will be limited to Solar PV capacity up to two times of pump capacity in kW for pumps up to 7.5 HP. Solarization of Pumps of capacity higher than 7.5 HP may be allowed, however, the CFA will be limited upto 7.5 HP in the respective State/UTs.

Component B & Component C are eligible for bank finance under our Bank product, Central Financial Assistance (CFA).
of 30% of the benchmark cost or the tender cost, whichever is lower, of the stand-alone Solar Agriculture pump will be provided.

➢ The State Government will give a subsidy of 30%; and the remaining 40% will be provided by the farmer. Bank finance may be made available for farmer's contribution, so that farmer has to initially pay only 10% of the cost and remaining up to 30% of the cost as loan. In case the State Government provides subsidy more than 30%, the beneficiary share will reduce accordingly.

6. **Quantum of Finance & Classification of Advance**

Prices as discovered by Ministry of New and Renewable Energy for States as ported in [https://mnre.gov.in/solar/schemes/](https://mnre.gov.in/solar/schemes/) thereafter select “solar off grid” and under it select PM-KUSUM. Project Cost should be in accordance with the cost as prescribed by MNRE/State Govt. from time to time.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Project Cost</th>
<th>Maximum Loan Component*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component-A</td>
<td>Rs.3.5- Rs 4 Crore/MW Maximum: Rs.8.00 Crore for 2 MW</td>
<td>Rs.600.00 Lac</td>
</tr>
<tr>
<td>Component-B</td>
<td>Rs.3.25 lac</td>
<td>Rs.0.97 Lac</td>
</tr>
<tr>
<td>Component C</td>
<td>Rs.4.50 Lac</td>
<td>Rs.1.35 Lac</td>
</tr>
</tbody>
</table>

**Classifications of Advances – (As per RBI Master direction on Priority Sector Lending)**

**PM KUSUM - Component A:**

For **Loans to Individual farmers** for installation of solar power plants on barren/fallow land or in stilt fashion on agriculture land owned by farmer.- Priority sector Agriculture

For **Others:** Loan up to Rs.30 Crore: Priority Sector-Renewable Energy.

**PM KUSUM-Component B & C:**

Priority sector- Agriculture

*Maximum loan component is derived by considering Subsidy and margin.*
<p>| | | |</p>
<table>
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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>Scheme Exposure</td>
<td>Initially, under this scheme maximum <strong>Rs.100 Crore</strong> exposure is permitted. The maximum exposure under this scheme will be reviewed after reaching the maximum permitted exposure. The maximum exposure cap will be marked in finance for this scheme for real time monitoring.</td>
</tr>
</tbody>
</table>
| 8. | Margin | **Component A : 25%**  
**Component B & C: 10%** |
| 9. | Rate of interest | **Loan limit** | **Rate of Interest** |
|   |   | Up to Rs.25.00 lakh | 1 Yr. MCLR + 1.40% |
|   |   | More than Rs.25.00 lakh and up to Rs.1.00 crore | 1 Yr. MCLR + 2.40% |
|   |   | More than Rs.1.00 crore | As per internal rating |
| 10. | Review/Renewal | The accounts under the scheme are to be reviewed/renewed annually. |
| 11. | Insurance | The assets created out of bank finance should be comprehensively insured with bank clause and preferably with our channel partners. |
| 12. | Cibil/ CRIF Charges | As per extant guidelines of the Bank. |
| 13. | Pre-Payment Charge | As per extant guidelines of the Bank. |
| 15. | Documentation Charges | As per extant guidelines of the Bank. |
| 16. | Processing Charges | As per extant guidelines of the Bank. |
| 17. | Inspection Charges | As per extant guidelines of the Bank. |
| 18. | Primary Security | **Term Loan**: Exclusive charge over entire project assets including movable assets, cash flow, Commercial Agreement etc. |
| 19. | Collateral Security | **For Component A:**  
Minimum 50% of the sanctioned limit may be taken as collateral coverage in case the project is supported by Power Purchase Agreement (PPA) and letter of credit / guarantee executed by DISCOM. For all other cases minimum collateral coverage to the tune of 100% of sanctioned limit to be obtained by way of lien/charge/mortgage of the land.  
**For Component B & C:** Security norms as applicable to agriculture advance in general.  
> Personal/corporate guarantee Proprietors/ Partners/ promoters/ Directors/ Parent Company etc.
20. Subsidy

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Central Subsidy</th>
<th>State Subsidy</th>
<th>Total Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component A</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Component B</td>
<td>30%</td>
<td>30%</td>
<td>60%</td>
</tr>
<tr>
<td>Component C</td>
<td>30%</td>
<td>30%</td>
<td>60%</td>
</tr>
</tbody>
</table>

21. Credit Rating, NBC & other guidelines

Loan under the scheme must be sanctioned as per the latest Loan Policy Document/extant guidelines of our Bank i.e. parameters like application of rating, TEV study, financial parameters, NBC clearance etc.

22. Repayment Period

**Term loan:****

**For Component A**

The Repayment period of the loan will be based on the estimated revenue from power generation, with maximum period 15 year including moratorium period (Maximum moratorium period 12 months). Repayment frequency will be monthly/ Quarterly based on cash Flow as per tripartite with the DISCOM for the revenue generated from the power plant and other income of the farmer.

**Component B & C:**

Maximum period of 10 years including maximum moratorium period of 6 months. The repayment will be in monthly/ quarterly/ half yearly installment based on income generated from power unit and harvesting season. The beneficiary may repay the loan installment with interest earlier than the period if he desires so without any pre-payment charges.

23. Moratorium

Maximum Moratorium Period : 12 Months

24. End use of funds

Funds to be utilized strictly for business purposes only and not for speculative purpose. Wherever possible, Term Loan disbursements shall be made directly to the suppliers/contractors by debit to the term loan on obtaining the Borrower's authority.

25. Cost Over-run

 Entire cost over-run should be met by promoters. An undertaking in this regard to be obtained from the borrower.

26. Revenue Generation

If the actual revenue generation level is not in line with the projections within the initial 2 years of operation, the
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimates</td>
<td>promoters should undertake to re-size/reduce the debt or infuse the equity to the extent of shortfall in revenue against original estimates.</td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>Banking Arrangement</td>
<td>Sole Banking/Consortium Banking Arrangement.</td>
</tr>
<tr>
<td>28.</td>
<td>Capital Subsidy</td>
<td>Ministry of New and Renewable Energy also provide subsidy for various renewable energy projects from time to time so branch must go through the latest MNRE guidelines and comply the same. Branch can visit MNRE site <a href="http://www.mnre.gov.in">www.mnre.gov.in</a> for this purpose.</td>
</tr>
<tr>
<td>29.</td>
<td>Sanctioning Power</td>
<td>As per delegated power of the Sanctioning Authority.</td>
</tr>
</tbody>
</table>
| 30. | Pre-disbursement conditions | **Commercial Agreement:** Execution of Power Purchase Agreement (PPA) between Renewable Power Generator (Seller) and DISCOMs (buyer) containing important clauses like offtake commitment, tenor of offtake agreement, price fixation modalities, creation of charge on Commercial Agreement, Termination of Agreement, Substitution Rights, Project completion time, etc.  
**Statutory Clearances / Approvals:** All Government guidelines / Statutory Approvals / Clearances required for setting up power plant including Environmental clearance to be obtained. Major indicative clearances required are:  
   i. Consent to Establish & Operate from Central Pollution Control Board.  
   ii. Consent to Establish & Operate from Petroleum and Explosives Safety Organization  
   iii. Factory related licenses  
   iv. NOC from District Authorities  
The required clearances / approvals should be in place, before disbursement of 1st tranche of the sanctioned credit facilities.  
In case any credit proposal is sanctioned based on LOA, first disbursement should be made only after receiving offtake agreement duly vetted by Law Department of Head Office/Zonal Office. |
| 31. | Other Terms & Conditions | **Component A:**  
- A tri-partite agreement may be signed between DISCOM, Farmer and Bank, wherein DISCOM will directly deposit the loan EMI through revenue of sale of electricity and pay the adjusted amount to Farmer. |
Tripartite agreement to be vetted by Banks legal department.

- The Renewable Energy Based power plants under Component A, will be preferably installed within 5 KM radius of the sub stations in order to avoid high cost of sub transmission lines and to reduce transmission losses.

- The power purchase agreement between Renewal power Generator (RPG) and Distribution Companies (DISCOMs) will be 25 years from Commercial Operation Date (COD) of the project.

- If the eligible beneficiaries are not able to arrange equity required for setting up the Renewable Energy based power plant (REPP), they can opt for developing the REPP through developer(s) or even through local DISCOM, which will be considered as Renewable Power Generator (RPG). In such a case the land owner will get lease rent as mutually agreed between the parties.

- The Renewable Energy Based Power Plant (REPP), under the scheme will be implemented primarily on barren/ uncultivable land.

- **Agriculture Land is also permitted under the scheme provided that solar plants are installed in sill fashion (i.e raised structure for installation of solar panels) and with adequate spacing between panel rows for ensuring the farming activities are not affected.**

**Component B**

- Individual farmers will be supported to install standalone solar agriculture pumps of capacity up to 7.5 HP for replacement of existing Diesel Agriculture Pumps /Irrigations System in off grid areas, where grid supply is not available. Installation of new pump shall also be permitted under this scheme except in dark zones.

- The capacity can be higher than 7.5 Hp but financial support (CFA) will only be provided up to 7.5 Hp capacities.

- New solar Agriculture pumps will not be covered under this component in Dark Zones/ Black Zones. However, existing standalone diesel pumps, can be converted into standalone solar pumps in these areas provided they use micro irrigation techniques to save water.

- Water user association and community/cluster based irrigation system will also be covered under this component. However priority will be given to small
and marginal farmers.

- Preference will be given to the farmers using Micro Irrigation Systems or covered under Micro Irrigation Schemes or opt for Micro Irrigation System.
- The size of the pump will be selected on the basis water table in the area, land covered and quantity of water required for irrigation.
- Whenever the grid reaches in the off grid area, the standalone solar Agriculture pumps can be connected to the grid to feed surplus power depending on the grid capacity.
- The vendor will provide AMC for 5 years from the date of installation including insurance coverage for the installed system against natural calamities and theft, real time monitoring, helpline district level service centers and comply standards of performance in dealing with complaint redressal mechanism.

**Component C**

- Individual farmers having grid connected agriculture pump will be supported to solarise pumps. Solar PV capacity up to two times of pump capacity in KW is allowed under the scheme. However, state may specify lower solar PV capacity in KW, which in any case shall not be less than pump capacity in Hp.
- The farmer will be able to use the generated solar power to meet the irrigation needs and the excess solar power will be sold to DISCOMs.
- In order to minimize the water usage for irrigation purpose, preference will be given to the farmers using Micro irrigation Systems or covered under Micro irrigation Schemes or who opt for Micro irrigation System.
- The Solar power fed in the grid and solar power utilized by farmer both will be accounted for fulfillment of Solar RPO by the DISCOMs.
- In case of Dark Zones/ Black Zones only existing grid connected pumps will be solarized provided they use micro irrigation techniques to save water.
- DISCOM will purchase excess power from the farmer at the rate decided by the respective state/ SERC (state Electricity Regulatory Commission). The DISCOMs will ensure must run status to the solarized feeders and will keep such feeders "ON" during sunshine hours of a day.
- Selected vendors shall be responsible for all aspects.
of solarisation viz. design, supply, installation and commissioning. Vendors will mandatorily provide AMC for a period of 5 years from the date of commissioning of the systems including insurance coverage for the installed systems against natural calamities and theft.

All other guidelines issued by Ministry of New and Renewable Energy under PM KUSUM scheme is to be followed.

> Points to be taken special care by Sanctioning Authority while processing proposals under the scheme is annexed as Annexure-II.

> Illustrative check-list of documents to be obtained from the customer is annexed as Annexure-III.

> Financing of Renewal Energy based Power Plants (Component –A) proposals will be guided solely by our latest Loan Policy Document only & financing of Stand-alone Solar Agriculture Pumps (Component-B) & Grid Connected Agriculture Pumps (Component-C) is converged under our existing scheme “Agriculture Infrastructure Fund (AIF)” where such facility is created by group of farmers organized as self help group/joint liability group/water user association (if same is registered as SHG or JLG)/cooperatives and similar other forms being eligible for availing facility if AIF, thus such proposals will be additionally guided by the guidelines of AIF scheme (issued vide CHO/ARBD/10/2020-21 dated 13.08.2020).

Branches & Offices are advised to take a careful note of the above guidelines and act accordingly. We firmly believe that with the New Scheme the field level functionaries would be able to scout more proposals under agriculture credit.

(Vijay Kumar)
General Manager
Agri & Rural Business, RRB

"ONE TEAM ONE DREAM"
STANDARD

POWER PURCHASE AGREEMENT FOR

PROCUREMENT OF ..... MW _____ POWER ON LONG TERM BASIS

Between

[Name of Renewable Power Generator]

And

[Name of Distribution Company]

[month and year]
This Power Purchase Agreement is made on the ______ day of ______ of ______ at ______

Between

____________________ [name of the Renewable Power Generator], ___________________________ [details of Renewable Power Generator] (hereinafter referred to as “Renewable Power Generator or RPG”, which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns) as a Party of the First Part;

And

____________________ [Distribution Company], a company incorporated under the Companies Act 1956, having its registered office at ___________________________ (hereinafter referred to as “DISCOM”, which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and assignees) as a Party of the Second Part;

The RPG and DISCOM are individually referred to as ‘Party’ and collectively referred to as ‘Parties’.

WHEREAS:
A. The Ministry of New and Renewable Energy [MNRE] has launched a scheme for farmers on 8th March 2019 and issued implementation guidelines on ______.
B. The MNRE has accorded a sanction and allotted a capacity of _____ MW to DISCOM for under the said scheme of 8th March 2019.
C. DISCOM had initiated a selection process for procurement of ____ MW of the power generated from the Grid connected ______ Power Project on the terms and conditions contained in the EoI/RfS No.______ dated ________.
D. The RPG has been selected in the Process for development, generation and supply of electricity from the ____MW ______ Power Project to be established by RPG at ______ [location of proposed power plant] and electricity generated to be fed to the ______ [Name and location of 33/11 kV substation];
E. DISCOM has issued the Letter of Award No.__________ dated_________ in favour of the RPG for development and establishment of the __________MW ______ Power Project as per the terms and conditions contained in the EoI/RfS.
F. The RPG has furnished the Performance Bank Guarantee in the sum of Rs.________ in favour of DISCOM as per the format prescribed by the DISCOM.
G. The RPG has fulfilled the terms and conditions for signing this Power Purchase Agreement as a definitive agreement for establishing the ____ Power Project of__________MW at __________,
for generation and sale of electricity by the RPG to DISCOM at ________33(or 66 or 110)/11 kV S/S;

H. The parties have agreed to execute this Power Purchase Agreement in terms of the EoI/RfS and the Letter of Award in regard to the terms and conditions for establishment of the _______ Power Project at ……., and for generation and supply of electricity by the RPG to DISCOM.

Now therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows:

ARTICLE 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions
The terms used in this Agreement, unless as defined below or repugnant to the context, shall have the same meaning as assigned to them by the Electricity Act, 2003 and the rules or regulations framed there under, including those issued/framed by the Appropriate Commission (as defined hereunder), as amended or re-enacted from time to time.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>&quot;Act&quot; or &quot;Electricity Act, 2003&quot;</td>
<td>shall mean the Electricity Act, 2003 and include any modifications, amendments and substitution from time to time;</td>
</tr>
<tr>
<td>&quot;Agreement&quot; or &quot;Power Purchase Agreement&quot; or &quot;PPA&quot;</td>
<td>shall mean this Power Purchase Agreement including its recitals and Schedules, amended or modified from time to time in accordance with the terms hereof;</td>
</tr>
<tr>
<td>&quot;Appropriate Commission&quot;</td>
<td>Unless otherwise stated, Appropriate Commission shall be the commission of the state where DISCOM is situated;</td>
</tr>
<tr>
<td>&quot;Bill Dispute Notice&quot;</td>
<td>shall mean the notice issued by a Party raising a Dispute regarding a Monthly Bill or a Supplementary Bill issued by the other Party;</td>
</tr>
<tr>
<td>&quot;Business Day&quot;</td>
<td>shall mean with respect to RPG and DISCOM, a day other than Sunday or a statutory holiday, on which the banks remain open for business in the State;</td>
</tr>
<tr>
<td>&quot;Capacity Utilisation Factor&quot; or &quot;CUF&quot;</td>
<td>shall have the same meaning as provided in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 as amended from time to time; However for avoidance of any doubt, it is clarified that the CUF shall be calculated on the Contracted Capacity; In any Contract Year, if ‘X’ MWh of energy has been metered out at the Delivery Point for ‘Y’ MW Project capacity, CUF= (X MWh/(Y MW*8766)) X100%;</td>
</tr>
<tr>
<td>&quot;Change in Law&quot;</td>
<td>shall have the meaning ascribed thereto in Article 12 of this Agreement;</td>
</tr>
<tr>
<td>“Commercial Operation Date (COD)”</td>
<td>shall mean the date on which the commissioning certificate is issued upon successful commissioning (as per provisions of this Agreement) of the project;</td>
</tr>
<tr>
<td>“Competent Court of Law”</td>
<td>shall mean any court or tribunal or any similar judicial or quasi-judicial body in India that has jurisdiction to adjudicate upon issues relating to this Agreement;</td>
</tr>
<tr>
<td>“Consents, Clearances and Permits”</td>
<td>shall mean all authorizations, licenses, approvals, registrations, permits, waivers, privileges, acknowledgements, agreements, or concessions required to be obtained from or provided by any concerned authority for the purpose of setting up of the generation facilities and/ or supply of power;</td>
</tr>
<tr>
<td>“Consultation Period”</td>
<td>shall mean the period of ninety (90) days or such other longer period as the Parties may agree, commencing from the date of issuance of a RPG Preliminary Default Notice or DISCOM Preliminary Default Notice as provided in Article 13 of this Agreement, for consultation between the Parties to mitigate the consequence of the relevant event having regard to all the circumstances;</td>
</tr>
<tr>
<td>“Contract Year”</td>
<td>shall mean the period beginning from the Effective Date and ending on the immediately succeeding March 31 and thereafter each period of 12 months beginning on April 1 and ending on March 31 provided that:</td>
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<td>(i) in the financial year in which the COD would occur, the Contract Year shall end on the date immediately before the COD and a new Contract Year shall commence once again from the COD and end on the immediately succeeding March 31, and thereafter each period of twelve (12) months commencing on April 1 and ending on March 31, and</td>
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<td>(ii) provided further that the last Contract Year of this Agreement shall end on the last day of the Term of this Agreement</td>
</tr>
<tr>
<td>“Contracted Capacity”</td>
<td>shall mean ...... [Insert capacity] MW contracted with DISCOM for supply by the RPG to DISCOM at the Delivery Point from the _______ Power Project;</td>
</tr>
<tr>
<td>“Delivery Point”</td>
<td>“Delivery Point” shall mean the point at the voltage level of 11kV or above of the 33/11 kV Sub-station. Metering shall be done at this interconnection point where the power is injected into the 33/11 kV Sub-station. For interconnection with grid and metering, the RPG shall abide by the relevant and applicable regulations, Grid Code notified by the State Commission and Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended and revised from time to time, or orders passed thereunder by the Appropriate Commission or CEA.</td>
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<td>All charges and losses related to Transmission of power from project up to Delivery Point as notified by the Appropriate Commission shall be borne by the RPG.</td>
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<td>Term</td>
<td>Definition</td>
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<tr>
<td>&quot;Dispute&quot;</td>
<td>shall mean any dispute or difference of any kind between DISCOM and the RPG, in connection with or arising out of this Agreement including but not limited to any issue on the interpretation and scope of the terms of this Agreement as provided in Article 16 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Due Date&quot;</td>
<td>Due Date shall mean the forty-fifth (45th) day after a Monthly Bill (including all the relevant documents) or a Supplementary Bill is received in hard copy and duly acknowledged by the DISCOM or, if such day is not a Business Day, the immediately succeeding Business Day, by which date such Monthly Bill or a Supplementary Bill is payable by the DISCOM.</td>
</tr>
<tr>
<td>&quot;Effective Date&quot;</td>
<td>shall have the meaning ascribed thereto in Article 2.1 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Electricity Laws&quot;</td>
<td>shall mean the Electricity Act, 2003 and the rules and regulations made there under from time to time along with amendments thereto and replacements thereof and any other Law pertaining to electricity including regulations framed by the Appropriate Commission;</td>
</tr>
<tr>
<td>&quot;Event of Default&quot;</td>
<td>shall mean the events as defined in Article 13 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Expiry Date&quot;</td>
<td>Shall mean the date occurring twenty five (25) years from the Commercial Operation Date subject to that the supply of power shall be limited for a period of 25 years from the COD unless extended by the Parties as per this Agreement;</td>
</tr>
<tr>
<td>&quot;Financing Agreements&quot;</td>
<td>shall mean the agreements pursuant to which the RPG has sought financing for the Power Project including the loan agreements, security documents, notes, indentures, security agreements, letters of credit and other documents, as may be amended, modified, or replaced from time to time, but without in anyway increasing the liabilities of DISCOM;</td>
</tr>
<tr>
<td>&quot;Force Majeure&quot; or &quot;Force Majeure Event&quot;</td>
<td>shall have the meaning ascribed thereto in Article 11 of this Agreement;</td>
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<tr>
<td>&quot;Indian Governmental Instrumentality&quot;</td>
<td>shall mean the Government of India, Governments of state of _________ and any ministry, department, board, authority, agency, corporation, commission under the direct or indirect control of Government of India or the above state Government or both, any political sub-division of any of them including any court or Appropriate Commission or tribunal or judicial or quasi-judicial body in India;</td>
</tr>
<tr>
<td>&quot;Insurances&quot;</td>
<td>shall mean the insurance cover to be obtained and maintained by the RPG in accordance with Article 8 of this Agreement;</td>
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<td>Term</td>
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<tr>
<td>&quot;Interconnection Facilities&quot;</td>
<td>shall mean the facilities on RPG's side of the Delivery Point for scheduling, transmitting and metering the electrical output in accordance with this Agreement and which shall include, without limitation, all other transmission lines and associated equipment, transformers, relay and switching equipment and protective devices, safety equipment and RTU, Data Transfer and Acquisition facilities for transmitting data subject to Article 7, the Metering System required for supply of power as per the terms of this Agreement;</td>
</tr>
<tr>
<td>&quot;Invoice&quot; or &quot;Bill&quot;</td>
<td>shall mean either a Monthly Bill / Supplementary Bill or a Monthly Invoice/ Supplementary Invoice raised by any of the Parties;</td>
</tr>
<tr>
<td>&quot;Late Payment Surcharge&quot;</td>
<td>shall have the meaning ascribed thereto in Article 10.3.3 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Law&quot;</td>
<td>shall mean in relation to this Agreement, all laws including Electricity Laws in force in India and any statute, ordinance, regulation, notification or code, rule, or any interpretation of any of them by an Indian Governmental Instrumentality and having force of law and shall further include without limitation all applicable rules, regulations, orders, notifications by an Indian Governmental Instrumentality pursuant to or under any of them and shall include without limitation all rules, regulations, decisions and orders of the Appropriate Commissions;</td>
</tr>
<tr>
<td>&quot;Letter of Credit&quot; or &quot;L/C&quot;</td>
<td>shall have the meaning ascribed thereto in Article 10.4 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Letter of Award&quot; or &quot;LoA&quot;</td>
<td>shall mean Letter of Award issued by the DISCOM to the RPG for the project;</td>
</tr>
<tr>
<td>&quot;MNRE&quot;</td>
<td>shall mean the Ministry of New and Renewable Energy, Government of India;</td>
</tr>
<tr>
<td>&quot;Month&quot;</td>
<td>shall mean a period of thirty (30) days from (and excluding) the date of the event, where applicable, else a calendar month;</td>
</tr>
<tr>
<td>&quot;Party&quot; and &quot;Parties&quot;</td>
<td>shall have the meaning ascribed thereto in the recital to this Agreement;</td>
</tr>
<tr>
<td>&quot;Payment Security Mechanism&quot;</td>
<td>shall have the meaning ascribed thereto in Article 10.4 of this Agreement;</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>&quot;Power Project&quot; or &quot;Project&quot;</td>
<td>shall mean the ______ power generation facility of Contracted Capacity of ..............[Insert capacity] MW, located at .............., [Insert name of the District and State] having a separate control system, metering and separate points of injection into the grid at Delivery point of 33/11 kV substation. The Project shall include all units and auxiliaries such as water supply, treatment or storage facilities, bay(s) for transmission system in the switchyard, dedicated transmission line up to the Delivery Point and all the other assets, buildings/structures, equipment, plant and machinery, facilities and related assets required for the efficient and economic operation of the power generation facility, whether completed or at any stage of development and construction or intended to be developed and constructed for the purpose of supply of power as per this Agreement;</td>
</tr>
<tr>
<td>&quot;Preliminary Default Notice&quot;</td>
<td>shall have the meaning ascribed thereto in Article 13 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Project Capacity&quot;</td>
<td>shall mean the maximum AC capacity of the Project at the point of injection on which the Power Purchase Agreement has been signed.</td>
</tr>
<tr>
<td>&quot;Prudent Utility Practices&quot;</td>
<td>shall mean the practices, methods and standards that are generally accepted internationally from time to time by electric utilities for the purpose of ensuring the safe, efficient and economic design, construction, commissioning, operation and maintenance of power generation equipment and which practices, methods and standards shall be adjusted as necessary, to take account of: a) operation and maintenance guidelines recommended by the manufacturers of the plant and equipment to be incorporated in the Power Project; b) the requirements of Indian Law; and the physical conditions at the site of the Power Project</td>
</tr>
<tr>
<td>&quot;Rebate&quot;</td>
<td>shall have the same meaning as ascribed thereto in Article 10.3.5 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Rupees&quot;, &quot;Rs.&quot;, &quot;( ₹ )&quot;</td>
<td>shall mean Indian rupees, the lawful currency of India;</td>
</tr>
<tr>
<td>&quot;Scheduled Commissioning Date&quot; or &quot;SCD&quot; of the Project</td>
<td>Shall mean ................. [Insert Date that is nine (9) Months from the Date of issuance of LoA by the DISCOM to the RPG];</td>
</tr>
<tr>
<td>&quot;Tariff&quot;</td>
<td>Shall have the same meaning as provided for in Article 9 of this Agreement;</td>
</tr>
<tr>
<td>&quot;Tariff Payment&quot;</td>
<td>shall mean the payments to be made under Monthly Bills as referred to in Article 10 and the relevant Supplementary Bills;</td>
</tr>
<tr>
<td>&quot;Termination Notice&quot;</td>
<td>shall mean the notice given by either Parties for termination of this Agreement in accordance with Article 13 of this Agreement;</td>
</tr>
</tbody>
</table>
ARTICLE 2: TERM OF AGREEMENT

2.1 Effective Date
2.1.1 This Agreement shall come into effect from _________ and such date shall be referred to as the Effective Date.

2.2 Term of Agreement
2.2.1 Subject to Article 2.3 and 2.4 of this Agreement, this Agreement shall be valid for a term from the Effective Date until the Expiry Date. This Agreement may be extended for a further period at least one hundred eighty (180) days prior to the Expiry Date, on mutually agreed terms and conditions.

2.2.2 The RPG is free to operate their plants beyond the Expiry Date if other conditions like land lease / Right to Use of Land (as applicable), permits, approvals and clearances etc. allow. In such case unless otherwise agreed by the DISCOM, DISCOM shall not be obligated to procure power beyond the Expiry Date.

2.3 Early Termination
2.3.1 This Agreement shall terminate before the Expiry Date if either DISCOM or RPG terminates the Agreement, pursuant to Article 13 of this Agreement.

2.4 Survival
2.4.1 The expiry or termination of this Agreement shall not affect any accrued rights, obligations and liabilities of the Parties under this Agreement, including the right to receive penalty as per the terms of this Agreement, nor shall it affect the survival of any continuing obligations for which this Agreement provides, either expressly or by necessary implication, which are to survive after the Expiry Date or termination including those under Article 11 (Force Majeure), Article 13 (Events of Default and Termination), Article 14 (Liability and Indemnification), Article 16 (Governing Law and Dispute Resolution), Article 17 (Miscellaneous Provisions), and other Articles and Schedules of this Agreement which expressly or by their nature survive the Term or termination of this Agreement shall continue and survive any expiry or termination of this Agreement.

ARTICLE 3: CONDITIONS SUBSEQUENT

3.1 The RPG agrees and undertakes to make Project Financing Arrangements for its Project and shall provide necessary documents to DISCOM in this regard within six Months from the Date of issue of LoA by DISCOM for the project.
ARTICLE 4: CONSTRUCTION & DEVELOPMENT OF THE PROJECT

4.1 RPG's Obligations
4.1.1 The RPG undertakes to be responsible, at RPG's own cost and risk, for:

a) The RPG shall be solely responsible and make arrangements for Land & associated infrastructure for development of the Project and for Connectivity with the 33/11 kV sub-station for confirming the evacuation of power by the Scheduled Commissioning date or COD, whichever is earlier, and all clearances related thereto;

The RPG shall furnish the necessary documents to establish possession in the name of the Project Developer of the required land/Lease Agreement;

b) obtaining all Consents, Clearances and Permits as required and maintaining all documents.

c) Designing, constructing, erecting, commissioning, completing and testing the Power Project in accordance with the applicable Law, the Grid Code, the terms and conditions of this Agreement and Prudent Utility Practices.

d) the commencement of supply of power up to the Contracted Capacity to DISCOM no later than the Scheduled Commissioning Date and continuance of the supply of power throughout the term of the Agreement;

e) Connecting the Power Project switchyard with the Interconnection Facilities at the Delivery Point. The RPG shall make adequate arrangements to connect the Power Project switchyard with the Interconnection Facilities at Interconnection/Metering/Delivery Point.

f) owning the Power Project throughout the Term of Agreement free and clear of encumbrances, except those expressly permitted under Article 15;

g) fulfilling all obligations undertaken by the RPG under this Agreement.

f) The RPG shall be responsible for directly coordinating and dealing with the DISCOM and other authorities in all respects in regard to declaration of availability, scheduling and dispatch of Power and due compliance with deviation and settlement mechanism and the applicable Grid code/State Regulations.

4.2 Purchase and sale of Contracted Capacity
4.2.1 Subject to the terms and conditions of this Agreement, the RPG undertakes to sell to DISCOM and DISCOM undertakes to pay Tariff for all the energy supplied at the Delivery Point corresponding to the Contracted Capacity.

4.3 Right to Contracted Capacity & Energy
4.3.1 DISCOM, in any Contract Year shall not be obliged to purchase any additional energy from the RPG beyond the contract capacity. If for any Contract Year except for the first year of operation, it is found that the RPG has not been able to generate minimum energy of ....Million kWh (MU) till the end of 10 years from the COD and ............... Million kWh (MU) for the rest of the Term of the Agreement, on account of reasons solely attributable to the RPG, the non-compliance by RPG shall make the RPG liable to pay the compensation. For the first year of operation, the above limits shall be considered on pro-rata basis. The lower limit will, however be relaxable by DISCOM to the extent...
of grid non-availability for evacuation which is beyond the control of the RPG. This compensation shall be applied to the amount of shortfall in generation during the Contract Year. The amount of such penalty shall be as determined by the Appropriate Commission, and such penalty shall ensure that the DISCOM is offset for all potential costs associated with low generation and supply of power under the PPA. However, the minimum compensation payable to DISCOM by the RPG shall be 25% (twenty-five percent) of the cost of this shortfall in energy terms, calculated at PPA tariff. This compensation shall not be applicable in events of Force Majeure identified under PPA.

4.3.2 In case at any point of time, the peak of capacity reached is higher than the contracted capacity and causes disturbance in the system at the point where power is injected, the RPG will have to forego the excess generation and reduce the output to the contract capacity and shall also have to pay the penalty/charges (if applicable) as per applicable regulations.

4.4 **Extensions of Time**

4.4.1 In the event that the RPG is prevented from performing its obligations under Article 4.1 by the Scheduled Commissioning Date due to:

a) any DISCOM Event of Default; or

b) Force Majeure Events affecting DISCOM, or

c) Force Majeure Events affecting the RPG,

the Scheduled Commissioning Date and the Expiry Date shall be deferred, subject to Article 4.4.5, for a reasonable period but not less than 'day for day' basis, to permit the RPG or DISCOM through the use of due diligence, to overcome the effects of the Force Majeure Events affecting the RPG or DISCOM, or till such time such Event of Default is rectified by DISCOM.

4.4.2 In case of extension due to reasons specified in Article 4.4.1(b) and (c), and if such Force Majeure Event continues even after a maximum period of three (3) months, any of the Parties may choose to terminate the Agreement as per the provisions of Article 13.5. In case neither party terminates the agreement under this clause, the agreement shall stand terminated on the expiry of twelve (12) months of the continuation of the Force majeure event unless the parties mutually agree to extend the agreement for the further period.

4.4.3 If the Parties have not agreed, within thirty (30) days after the affected Party’s performance has ceased to be affected by the relevant circumstance, on the time period by which the Scheduled Commissioning Date or the Expiry Date should be deferred, any Party may raise the Dispute to be resolved in accordance with Article 16.

4.4.4 As a result of such extension, the newly determined Scheduled Commissioning Date and newly determined Expiry Date shall be deemed to be the Scheduled Commissioning Date and the Expiry Date for the purposes of this Agreement.
4.4.5 Notwithstanding anything to the contrary contained in this Agreement, any extension of the Scheduled Commissioning Date arising due to any reason envisaged in this Agreement shall not be allowed beyond the date pursuant to Article 4.5.2.

4.4.6 Delay in commissioning of the project beyond the scheduled commissioning date for reasons other than those specified in Article 4.4.1 shall be an event of default on part of the RPG and shall be subject to the consequences specified in the Article 4.5.

4.5 **Liquidated Damages not amounting to penalty for delay in Commissioning**

4.5.1 If the RPG is unable to commission the Project by the Scheduled Commissioning Date other than for the reasons specified in Article 4.4.1, the RPG shall pay to DISCOM, damages for the delay in such commissioning and making the Contracted Capacity available for dispatch by the Scheduled Commissioning Date as per the following:

Delay beyond the Scheduled Commissioning Date upto (& including) the date as on nine months from the Date of issue of LoA: The total Performance Bank Guarantee amount shall be encashed on per day basis and proportionate to the balance capacity not commissioned.

4.5.2 The maximum time period allowed for commissioning of the full Project Capacity with encashment of Performance Bank Guarantee shall be limited to 11 Months from the Date of issue of LoA. In case, the Commissioning of the Project is delayed beyond 11 Months from the Date of issue of LoA, it shall be considered as an RPG Event of Default and provisions of Article 13 shall apply and the Contracted Capacity shall stand reduced / amended to the Project Capacity Commissioned within 11 Months of the Date of issue of LoA and the PPA for the balance Capacity will stand terminated and shall be reduced from the project capacity.

4.5.3 The RPG further acknowledge that the amount of the liquidated damages fixed is genuine and reasonable pre-estimate of the damages that may be suffered by DISCOM.

4.6 **Acceptance/Performance Test**

4.6.1 Prior to synchronization of the Power Project, the RPG shall be required to get the Project certified for the requisite acceptance/performance test as may be laid down by respective authorities.

4.7 **Third Party Verification**

4.7.1 The RPG shall be further required to provide entry to the site of the Power Project free of all encumbrances at all times during the Term of the Agreement to DISCOM and a third Party nominated by any Indian Governmental Instrumentality for inspection and verification of the works being carried out by the RPG at the site of the Power Project.

4.7.2 The third party may verify the construction works/operation of the Power Project being carried out by the RPG and if it is found that the construction works/operation of the Power Project is not as per the Prudent Utility Practices, it may seek clarifications from RPG or require the works to be stopped or to comply with the instructions of such third party.
4.8 breach of obligations

4.8.1 the parties herein agree that during the subsistence of this agreement, subject to DISCOM being in compliance of its obligations & undertakings under this Agreement, the RPG would have no right to negotiate or enter into any dialogue with any third party for the sale of Contracted Capacity of power which is the subject matter of this Agreement. It is the specific understanding between the Parties that such bar will apply throughout the entire term of this Agreement.

4.9 generation compensation for off-take constraints

4.9.1 generation compensation in offtake constraints due to grid unavailability: during the operation of the plant, there can be some periods where the Project can generate power but due to temporary transmission unavailability, the power is not evacuated, for reasons not attributable to the RPG. In such cases, subject to the submission of documentary evidences from the competent authority, the generation compensation shall be restricted to the following and there shall be no other claim, directly or indirectly against DISCOM:

<table>
<thead>
<tr>
<th>Duration of Grid unavailability</th>
<th>Provision for Generation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid unavailability in a contract year as defined in the PPA: (only period from 8 am to 6 pm to be counted):</td>
<td>Generation Loss = ([(\text{Average Generation per hour during the Contract Year}) \times (\text{number of hours of grid unavailability during the Contract Year})])</td>
</tr>
<tr>
<td></td>
<td>Where, Average Generation per hour during the Contract Year (kWh) = Total generation in the Contract Year (kWh) / Total hours of generation in the Contract Year.</td>
</tr>
</tbody>
</table>

The excess generation by the RPG equal to this generation loss shall be procured by DISCOM at the PPA tariff so as to offset this loss in the succeeding 3 (three) Contract Years.

4.9.2 Offtake constraints due to Backdown: The RPG and DISCOM shall follow the forecasting and scheduling process as per the regulations in this regard by the Appropriate Commission. In the eventuality of backdown, subject to the submission of documentary evidences from the competent authority, the RPG shall be eligible for a minimum generation compensation, from DISCOM, restricted to the following and there shall be no other claim, directly or indirectly against DISCOM:

<table>
<thead>
<tr>
<th>Duration of Backdown</th>
<th>Provision for Generation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Backdown during a monthly billing cycle.</td>
<td>Minimum Generation Compensation = 50% of ([(\text{Average Generation per hour during the month}) \times (\text{number of backdown hours during the month})]) X PPA tariff</td>
</tr>
<tr>
<td></td>
<td>Where, Average Generation per hour during the month (kWh) = Total generation in the month (kWh) / Total hours of generation in the month</td>
</tr>
</tbody>
</table>
The RPG shall not be eligible for any compensation in case the Backdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions. The Generation Compensation shall be paid as part of the energy bill for the successive month after JMR.

ARTICLE 5: SYNCHRONISATION, COMMISSIONING AND COMMERCIAL OPERATION

5.1 Synchronization, Commissioning and Commercial Operation
5.1.1 The RPG shall give the DISCOM at least thirty (30) days’ advanced preliminary written notice and at least fifteen (15) days’ advanced final written notice, of the date on which it intends to synchronize the Power Project to the Grid System.

5.1.2 Subject to Article 5.1.1, the Power Project may be synchronized by the RPG to the Grid System when it meets all the connection conditions prescribed in applicable Grid Code then in effect and otherwise meets all other Indian legal requirements for synchronization to the Grid System.

5.1.3 The synchronization equipment and all necessary arrangements / equipment including RTU for scheduling of power generated from the Project and transmission of data to the concerned authority as per applicable regulation shall be installed by the RPG at its generation facility of the Power Project at its own cost. The RPG shall synchronize its system with the Grid System only after the approval of synchronization scheme is granted by the head of the concerned substation/ and checking/verification is made by the concerned authorities of the DISCOM.

5.1.4 The RPG shall immediately after each synchronization/tripping of generator, inform the substation of the Grid System to which the Power Project is electrically connected in accordance with applicable Grid Code. In addition, the RPG will inject in-firm power to grid time to time to carry out operational/ functional test prior to commercial operation. For avoidance of doubt, it is clarified that Synchronization / Connectivity of the Project with the grid shall not to be considered as Commissioning of the Project.

5.1.5 The RPG shall commission the Project within nine (9) Months from the Date of issue of LoA. Declaration of COD shall only be done upon the successful visit by the Commissioning Committee.

5.1.6 The Parties agree that for the purpose of commencement of the supply of electricity by RPG to DISCOM, liquidated damages for delay etc., the Scheduled Commissioning Date as defined in this Agreement shall be the relevant date.

ARTICLE 6: DISPATCH AND SCHEDULING
6.1 Dispatch and Scheduling

6.1.1 The RPG shall be required to schedule its power as per the applicable regulations of SERC /SLDC or any other competent agency and same being recognized by the SLDC or any other competent authority / agency as per applicable regulation/ law / direction and maintain compliance to the applicable Codes/ Grid Code requirements and directions, if any, as specified by concerned SLDC from time to time. Any deviation from the Schedule will attract the provisions of applicable regulation / guidelines / directions and any financial implication on account of this shall be on the account of the RPG.

6.1.2 The RPG shall be responsible for directly coordinating and dealing with the DISCOM, State Load Dispatch Centers, and other authorities in all respects in regard to declaration of availability, scheduling and despatch of Power and due compliance with deviation and settlement mechanism and the applicable Grid code Regulations.

6.1.3 The RPG shall be responsible for any deviation from scheduling and for any resultant liabilities on account of charges for deviation as per applicable regulations. UI charges on this account shall be directly paid by the RPG.

6.1.4 Auxiliary power consumption will be treated as per the concerned state regulations.

ARTICLE 7: METERING

7.1 Meters

7.1.1 For installation of Meters, Meter testing, Meter calibration and Meter reading and all matters incidental thereto, the RPG and DISCOM shall follow and be bound by the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, the Grid Code, as amended and revised from time to time.

7.1.2 The RPG shall bear all costs pertaining to installation, testing, calibration, maintenance, renewal and repair of meters at RPG’s side of Delivery Point.

7.1.3 In addition to ensuring compliance of the applicable codes, the RPG shall install Main & Check meters at the Delivery Point, along with Stand-by meter(s) as per the applicable regulations of the State where the Project is located.

7.2 Reporting of Metered Data and Parameters

7.2.1 The grid connected renewable power plants will install necessary equipment for regular monitoring of required data and simultaneously for monitoring of the electric power generated from the Project.
7.2.2 Online arrangement would have to be made by the RPG for submission of above data regularly for the entire period of this Power Purchase Agreement to the DISCOM, the MNRE and concerned agency as per applicable regulation / directions.

7.2.3 Reports on above parameters on monthly basis (or as required by regulation / guidelines) shall be submitted by the RPG to Ministry of New and Renewable Energy/National Institute of Solar Energy through DISCOM for entire period of PPA.

ARTICLE 8: INSURANCES

8.1 Insurance
8.1.1 The RPG shall effect and maintain or cause to be effected and maintained, at its own cost and expense, throughout the Term of PPA, Insurances against such risks to keep the Project in good condition and shall take Industrial All Risk insurance policy covering risks against any loss or damage, with such deductibles and with such endorsements and co-insured(s), which the Prudent Utility Practices would ordinarily merit maintenance of and as required under the Financing Agreements, and under the applicable laws.

8.2 Application of Insurance Proceeds
8.2.1 In case of the Project not being implemented through Financing Agreement(s), save as expressly provided in this Agreement or the Insurances, the proceeds of any insurance claim made due to loss or damage to the Power Project or any part of the Power Project shall be first applied to reinstatement, replacement or renewal of such loss or damage.

In case of the Project being financed through Financing Agreement(s), save as expressly provided in this Agreement or the Insurances, the proceeds of any insurance claim made due to loss or damage to the Power Project or any part of the Power Project shall be applied as per such Financing Agreements.

8.2.2 If a Force Majeure Event renders the Power Project no longer economically and technically viable and the insurers under the Insurances make payment on a “total loss” or equivalent basis, DISCOM shall have claim on such proceeds of such Insurance limited to outstanding dues of DISCOM against RPG.

8.3 Effect on liability of DISCOM
8.3.1 Notwithstanding any liability or obligation that may arise under this Agreement, any loss, damage, liability, payment, obligation or expense which is insured or not or for which the RPG can claim compensation, under any Insurance shall not be charged to or payable by DISCOM. It is for the RPG to ensure that appropriate insurance coverage is taken for payment by the insurer for the entire loss and there is no under insurance or short adjustment etc.

ARTICLE 9: APPLICABLE TARIFF
9.1 The RPG shall be entitled to receive the Tariff of Rs. ............./kWh, fixed for the entire term of this Agreement, with effect from the COD, for the power sold to the DISCOM as reflected in the Energy Accounts.

ARTICLE 10: BILLING AND PAYMENT

10.1 General
10.1.1 From the commencement of supply of power, DISCOM shall pay to the RPG the monthly Tariff Payments subject to the adjustments as per provisions of this Agreement including Article 6, in accordance with Article 9. All Tariff Payments by DISCOM shall be in Indian Rupees.

10.1.2 The RPG shall be required to make arrangements and payments for import of energy (if any) as per applicable regulations.

10.2 Delivery and Content of Monthly Bills/Supplementary Bills
10.2.1 The RPG shall issue to DISCOM hard copy of a signed Monthly Bill for the immediately preceding Month based on the JMR/Energy Account along with all relevant documents (payments made by RPG for drawl of power, payment of reactive energy charges, Metering charges or any other charges as per regulations of SERC/SLDC, if applicable.)

Each Monthly Bill shall include all charges as per this Agreement for the energy supplied for the relevant Month based on JMR/Energy Accounts. The Monthly Bill amount shall be the product of the energy as per Energy Accounts and the Applicable Tariff. Energy drawn from the grid will be regulated as per the regulations of respective State the Project is located in.

10.3 Payment of Monthly Bills
10.3.1 DISCOM shall pay the amount payable under the Monthly Bill by the Due Date to such account of the RPG, as shall have been previously notified by the RPG.

10.3.2 All payments required to be made under this Agreement shall also include any deduction or set off for:
   i) deductions required by the Law; and
   ii) Amount claimed by DISCOM, if any, from the RPG, will be adjusted from the monthly energy payment.

The RPG shall open a bank account (the “RPG’s Designated Account”) for all Tariff Payments to be made by DISCOM to the RPG, and notify DISCOM of the details of such account at least sixty (60) Days before the dispatch of the first Monthly Bill.

10.3.3 Late Payment Surcharge
In the event of delay in payment of a Monthly Bill by DISCOM beyond thirty (30) days of its Due Date, a Late Payment Surcharge shall be payable to the RPG at the rate of 1.25% per month on the
outstanding amount calculated on a day to day basis. The Late Payment Surcharge shall be claimed by the RPG through the Supplementary Bill.

10.3.5 Rebate
For payment of any Bill on or before Due Date, the following Rebate shall be paid by the RPG to DISCOM in the following manner and the RPG shall not raise any objections to the payments made under this article.

a) A Rebate of 2% shall be payable to the DISCOM for the payments made within a period of seven clear working days of the presentation of hard copy of Bill along with required supporting documents at DISCOM office.

b) Any payments made after seven clear working days of the date of presentation of hard copy of the Bill along with the required supporting documents at DISCOM office up to the Due Date shall be allowed a rebate of 1%.

c) For the above purpose, the date of presentation of Bill shall be the next Business Day of delivery of the physical copy of the Bill at DISCOM.

d) No Rebate shall be payable on the Bills raised on account of Change in Law relating to taxes, duties, cess etc. and on Supplementary Bill.

For the above purpose date of presentation of bill shall be the same day of delivery in hard copy. However, for consideration of rebate, next business day shall be considered.

10.4 Payment Security Mechanism
Letter of Credit (LC):

10.4.1 DISCOM shall provide to the RPG, in respect of payment of its Monthly Bills and/or Supplementary Bills, a monthly unconditional, revolving and irrevocable letter of credit (“Letter of Credit”), opened and maintained which may be drawn upon by the RPG in accordance with this Article.

10.4.2 Not later than one (1) Month before the start of supply, DISCOM through a scheduled bank open a Letter of Credit in favour of the RPG, to be made operative from a date prior to the Due Date of its first Monthly Bill under this Agreement. The Letter of Credit shall have a term of twelve (12) Months and shall be renewed annually, for an amount equal to:

i) for the first Contract Year, equal to the estimated average monthly billing;

ii) for each subsequent Contract Year, equal to the average of the monthly billing of the previous Contract Year.

10.4.3 Provided that the RPG shall not draw upon such Letter of Credit prior to the Due Date of the relevant Monthly Bill and/or Supplementary Bill, and shall not make more than one drawal in a Month.
10.4.4 Provided further that if at any time, such Letter of Credit amount falls short of the amount specified in Article 10.4.2 due to any reason whatsoever, DISCOM shall restore such shortfall within fifteen (15) days.

10.4.5 DISCOM shall cause the scheduled bank issuing the Letter of Credit to intimate the RPG, in writing regarding establishing of such irrevocable Letter of Credit.

10.4.6 DISCOM shall ensure that the Letter of Credit shall be renewed not later than its expiry.

10.4.7 All costs relating to opening, maintenance of the Letter of Credit shall be borne by DISCOM.

10.4.8 If DISCOM fails to pay undisputed Monthly Bill or Supplementary Bill or a part thereof within and including the Due Date, then, subject to Article 10.4.6 & 10.5.2, the RPG may draw upon the Letter of Credit, and accordingly the bank shall pay without any reference or instructions from DISCOM, an amount equal to such Monthly Bill or Supplementary Bill or part thereof, in accordance with Article 10.4.3 above, by presenting to the scheduled bank issuing the Letter of Credit, the following documents:

i) a copy of the Monthly Bill or Supplementary Bill which has remained unpaid to RPG and;

ii) a certificate from the RPG to the effect that the bill at item (i) above, or specified part thereof, is in accordance with the Agreement and has remained unpaid beyond the Due Date;

10.5 Disputed Bill

10.5.1 If the DISCOM does not dispute a Monthly Bill or a Supplementary Bill raised by the RPG within fifteen (15) days of receiving such Bill shall be taken as conclusive.

10.5.2 If the DISCOM disputes the amount payable under a Monthly Bill or a Supplementary Bill, as the case may be, it shall pay undisputed amount of the invoice amount and it shall within fifteen (15) days of receiving such Bill, issue a notice (the "Bill Dispute Notice") to the invoicing Party setting out:

i) the details of the disputed amount;

ii) its estimate of what the correct amount should be; and (iii) all written material in support of its claim.

10.5.3 If the RPG agrees to the claim raised in the Bill Dispute Notice issued pursuant to Article 10.5.2, the RPG shall revise such Bill and present along with the next Monthly Bill. In such a case excess amount shall be refunded along with interest at the same rate as Late Payment Surcharge, which shall be applied from the date on which such excess payment was made by the disputing Party to the invoicing Party and up to and including the date on which such payment has been received as refund.
10.5.4 If the RPG does not agree to the claim raised in the Bill Dispute Notice issued pursuant to Article 10.5.2, it shall, within fifteen (15) days of receiving the Bill Dispute Notice, furnish a notice (Bill Disagreement Notice) to the DISCOM providing:

i) reasons for its disagreement;

ii) its estimate of what the correct amount should be; and

iii) all written material in support of its counter-claim.

10.5.5 Upon receipt of the Bill Disagreement Notice by the DISCOM under Article 10.5.4, authorized representative(s) or a director of the board of directors/ member of board of the DISCOM and RPG shall meet and make best endeavours to amicably resolve such dispute within fifteen (15) days of receipt of the Bill Disagreement Notice.

10.5.6 If the Parties do not amicably resolve the Dispute within fifteen (15) days of receipt of Bill Disagreement Notice pursuant to Article 10.5.4, the matter shall be referred to Dispute resolution in accordance with Article 16.

10.5.7 For the avoidance of doubt, it is clarified the despite a Dispute regarding an invoice, DISCOM shall, without prejudice to its right to Dispute, be under an obligation to make payment of undisputed amount of the invoice amount in the Monthly Bill.

10.6 Quarterly and Annual Reconciliation

10.6.1 The Parties acknowledge that all payments made against Monthly Bills and Supplementary Bills shall be subject to quarterly reconciliation within 30 days of the end of the quarter at the beginning of the following quarter of each Contract Year and annual reconciliation at the end of each Contract Year within 30 days to take into account the Energy Accounts, Tariff adjustment payments, Tariff Rebate, Late Payment Surcharge, or any other reasonable circumstance provided under this Agreement.

10.6.2 The Parties, therefore, agree that as soon as all such data in respect of any quarter of a Contract Year or a full Contract Year as the case may be has been finally verified and adjusted, the RPG and DISCOM shall jointly sign such reconciliation statement. Within fifteen (15) days of signing of a reconciliation statement, the RPG shall make appropriate adjustments in the next Monthly Bill. Late Payment Surcharge/ interest shall be payable in such a case from the date on which such payment had been made to the invoicing Party or the date on which any payment was originally due, as may be applicable. Any Dispute with regard to the above reconciliation shall be dealt with in accordance with the provisions of Article 16.

10.7 Payment of Supplementary Bill

10.7.1 RPG may raise a ("Supplementary Bill") for payment on account of:

i) Adjustments required by the Energy Accounts (if applicable); or

ii) Change in Law as provided in Article 12

And such Supplementary Bill shall be paid by the invoicing Party.
10.7.2 DISCOM shall remit all amounts due under a Supplementary Bill raised by the RPG to the RPG's Designated Account by the Due Date, except open access charges, RLDC or scheduling charges and transmission charges (if applicable). For Supplementary Bill on account of adjustment required by energy account, Rebate as applicable to Monthly Bills pursuant to Article 10.3.5 shall equally apply. No surcharge will be applicable other than that on the monthly energy payment and associated debit and credit note.

10.7.3 In the event of delay in payment of a Supplementary Bill by either Party beyond its Due Date, a Late Payment Surcharge shall be payable at the same terms applicable to the Monthly Bill in Article 10.3.3.

ARTICLE 11: FORCE MAJEURE

11.1 Definitions
11.1.1 In this Article, the following terms shall have the following meanings:

11.2 Affected Party
11.2.1 An affected Party means DISCOM or the RPG whose performance has been affected by an event of Force Majeure.

11.3 Force Majeure
11.3.1 A 'Force Majeure' means any event or circumstance or combination of events those stated below that wholly or partly prevents or unavoidably delays an Affected Party in the performance of its obligations under this Agreement, but only if and to the extent that such events or circumstances are not within the reasonable control, directly or indirectly, of the Affected Party and could not have been avoided if the Affected Party had taken reasonable care or complied with Prudent Utility Practices:

a) Act of God, including, but not limited to lightning, drought, fire and explosion (to the extent originating from a source external to the site), earthquake, volcanic eruption, landslide, flood, cyclone, typhoon or tornado if and only if it is declared / notified by the competent state / central authority / agency (as applicable);

b) any act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action if and only if it is declared / notified by the competent state / central authority / agency (as applicable); or

c) radioactive contamination or ionising radiation originating from a source in India or resulting from another Force Majeure Event mentioned above excluding circumstances where the source or cause of contamination or radiation is brought or has been brought into or near the Power Project by the Affected Party or those employed or engaged by the Affected Party.
11.4 **Force Majeure Exclusions**

11.4.1 Force Majeure shall not include (i) any event or circumstance which is within the reasonable control of the Parties and (ii) the following conditions, except to the extent that they are consequences of an event of Force Majeure:

a. Unavailability, late delivery, or changes in cost of the plant, machinery, equipment, materials, spare parts or consumables for the Power Project;
b. Delay in the performance of any contractor, sub-contractor or their agents;
c. Non-performance resulting from normal wear and tear typically experienced in power generation materials and equipment;
d. Strikes at the facilities of the Affected Party;
e. Insufficiency of finances or funds or the agreement becoming onerous to perform; and
f. Non-performance caused by, or connected with, the Affected Party's:
   i. Negligent or intentional acts, errors or omissions;
   ii. Failure to comply with an Indian Law; or
   iii. Breach of, or default under this Agreement.

11.5 **Notification of Force Majeure Event**

11.5.1 The Affected Party shall give notice to the other Party of any event of Force Majeure as soon as reasonably practicable, but not later than seven (7) days after the date on which such Party knew or should reasonably have known of the commencement of the event of Force Majeure. If an event of Force Majeure results in a breakdown of communications rendering it unreasonable to give notice within the applicable time limit specified herein, then the Party claiming Force Majeure shall give such notice as soon as reasonably practicable after reinstatement of communications, but not later than one (1) day after such reinstatement.

11.5.2 Provided that such notice shall be a pre-condition to the Affected Party's entitlement to claim relief under this Agreement. Such notice shall include full particulars of the event of Force Majeure, its effects on the Party claiming relief and the remedial measures proposed. The Affected Party shall give the other Party regular (and not less than monthly) reports on the progress of those remedial measures and such other information as the other Party may reasonably request about the Force Majeure Event.

11.5.3 The Affected Party shall give notice to the other Party of (i) the cessation of the relevant event of Force Majeure; and (ii) the cessation of the effects of such event of Force Majeure on the performance of its rights or obligations under this Agreement, as soon as practicable after becoming aware of each of these cessations.
11.6 Duty to Perform and Duty to Mitigate

11.6.1 To the extent not prevented by a Force Majeure Event pursuant to Article 11.3, the Affected Party shall continue to perform its obligations pursuant to this Agreement. The Affected Party shall use its reasonable efforts to mitigate the effect of any Force Majeure Event as soon as practicable.

11.7 Available Relief for a Force Majeure Event

11.7.1 Subject to this Article 11:
(a) no Party shall be in breach of its obligations pursuant to this Agreement except to the extent that the performance of its obligations was prevented, hindered or delayed due to a Force Majeure Event;
(b) every Party shall be entitled to claim relief in relation to a Force Majeure Event in regard to its obligations;
(c) For avoidance of doubt, neither Party's obligation to make payments of money due and payable prior to occurrence of Force Majeure events under this Agreement shall be suspended or excused due to the occurrence of a Force Majeure Event in respect of such Party.
(d) Provided that no payments shall be made by either Party affected by a Force Majeure Event for the period of such event on account of its inability to perform its obligations due to such Force Majeure Event.

ARTICLE 12: CHANGE IN LAW

12.1 Definitions
In this Article 12, the term Change in Law shall refer to the occurrence of any of the following events pertaining to this project only after the last date of the bid submission, including
(i) the enactment of any new law; or
(ii) an amendment, modification or repeal of an existing law; or
(iii) the requirement to obtain a new consent, permit or license; or
(iv) any modification to the prevailing conditions prescribed for obtaining an consent, permit or license, not owing to any default of the RPG; or (v) any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the RPG Which have a direct effect on the Project. However, Change in Law shall not include (i) any change in taxes on corporate income or (ii) any change in any withholding tax on income or dividends distributed to the shareholders of the RPG, or (iii) any change on account of regulatory measures by the Appropriate Commission.
In the event a Change in Law results in any adverse financial loss/gain to the RPG then, in order to ensure that the RPG is placed in the same financial position as it would have been had it not been for the occurrence of the Change in Law, the RPG/ DISCOM shall be entitled to compensation by the other party, as the case may be, subject to the condition that the quantum and mechanism of compensation payment shall be determined and shall be effective from such date as may be decided by the Appropriate Commission.
In the event of any decrease in the recurring/ nonrecurring expenditure by the RPG or any income to the RPG on account of any of the events as indicated above, RPG shall file an application to the Appropriate Commission no later than sixty (60) days from the occurrence of such event, for seeking approval of Change in Law. In the event of the RPG failing to comply with the above requirement, in case of any gain to the RPG, DISCOM shall withholding the monthly tariff payments on immediate basis, until compliance of the above requirement by the RPG.

12.2 Relief for Change in Law

12.2.1 The aggrieved Party shall be required to approach the Appropriate Commission for seeking approval of Change in Law.

12.2.2 The decision of the Appropriate Commission to acknowledge a Change in Law and the date from which it will become effective, provide relief for the same, shall be final and governing on both the Parties.

ARTICLE 13: EVENTS OF DEFAULT AND TERMINATION

13.1 RPG Event of Default

13.1.1 The occurrence and/or continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a breach by DISCOM of its obligations under this Agreement, shall constitute an RPG Event of Default:

(i) the failure to commence supply of power to DISCOM up to the Contracted Capacity, by the end of the period specified in Article 4, or failure to continue supply of Contracted Capacity to DISCOM after Commercial Operation Date throughout the term of this Agreement, or

if

(a) the RPG assigns, mortgages or charges or purports to assign, mortgage or charge any of its assets or rights related to the Power Project in contravention of the provisions of this Agreement; or

(b) the RPG transfers or novates any of its rights and/or obligations under this agreement, in a manner contrary to the provisions of this Agreement; except where such transfer

• is in pursuance of a Law; and does not affect the ability of the transferee to perform, and such transferee has the financial capability to perform, its obligations under this Agreement or

• is to a transferee who assumes such obligations under this Agreement and the Agreement remains effective with respect to the transferee;

(ii) if (a) the RPG becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or (b) any winding up or bankruptcy or insolvency order is passed against the RPG, or (c) the RPG goes into liquidation or dissolution or has a receiver or any similar officer appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to Law, provided that a dissolution or liquidation of the RPG will not be a RPG Event of Default if such dissolution or liquidation is for the purpose of a merger, consolidation or
reorganization and where the resulting company retains creditworthiness similar to the RPG and expressly assumes all obligations of the RPG under this Agreement and is in a position to perform them; or

(iii) the RPG repudiates this Agreement and does not rectify such breach within a period of thirty (30) days from a notice from DISCOM in this regard; or

(iv) except where due to any DISCOM's failure to comply with its material obligations, the RPG is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the RPG within thirty (30) days of receipt of first notice in this regard given by DISCOM.

(v) occurrence of any other event which is specified in this Agreement to be a material breach/default of the RPG.

(vi) except where due to any DISCOM's failure to comply with its material obligations, the RPG is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the RPG within thirty (30) days of receipt of first notice in this regard given by DISCOM.

13.2 DISCOM Event of Default

13.2.1 The occurrence and the continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a breach by the RPG of its obligations under this Agreement, shall constitute the Event of Default on the part of defaulting DISCOM:

(i) DISCOM fails to pay (with respect to a Monthly Bill or a Supplementary Bill), subject to Article 10.5, for a period of ninety (90) days after the Due Date and the RPG is unable to recover the amount outstanding to the RPG through the Letter of Credit,

(ii) DISCOM repudiates this Agreement and does not rectify such breach even within a period of sixty (60) days from a notice from the RPG in this regard; or

(iii) except where due to any RPG's failure to comply with its obligations, DISCOM is in material breach of any of its obligations pursuant to this Agreement, and such material breach is not rectified by DISCOM within sixty (60) days of receipt of notice in this regard from the RPG to DISCOM; or

if

- DISCOM becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of sixty (60) days, or
- any winding up or bankruptcy or insolvency order is passed against DISCOM, or
- DISCOM goes into liquidation or dissolution or a receiver or any similar officer is appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to Law, provided that it shall not constitute a DISCOM Event of Default, where such dissolution or liquidation of DISCOM or DISCOM is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and has creditworthiness similar to DISCOM and expressly assumes all obligations of DISCOM and is in a position to perform them; or;
13.3 Procedure for cases of RPG Event of Default

13.3.1 Upon the occurrence and continuation of any RPG Event of Default under Article 13.1, DISCOM shall have the right to deliver to the RPG, with a copy to the representative of the lenders to the RPG with whom the RPG has executed the Financing Agreements, a notice stating its intention to terminate this Agreement (DISCOM Preliminary Default Notice), which shall specify in reasonable detail, the circumstances giving rise to the issue of such notice.

13.3.2 Following the issue of a DISCOM Preliminary Default Notice, the Consultation Period of ninety (90) days or such longer period as the Parties may agree, shall apply and it shall be the responsibility of the Parties to discuss as to what steps shall be taken with a view to mitigate the consequences of the relevant Event of Default having regard to all the circumstances.

13.3.3 During the Consultation Period, the Parties shall continue to perform their respective obligations under this Agreement.

13.3.4 Within a period of seven (7) days following the expiry of the Consultation Period unless the Parties shall have otherwise agreed to the contrary or the RPG Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, DISCOM may terminate this Agreement by giving a written Termination Notice of sixty (60) days to the RPG.

13.3.5 Subject to the terms of this Agreement, upon occurrence of a RPG Event of Default under this Agreement, the lenders in concurrence with DISCOM, may exercise their rights, if any, under Financing Agreements, to seek substitution of the RPG by a selectee for the residual period of the Agreement, for the purpose of securing the payments of the total debt amount from the RPG and performing the obligations of the RPG. However, in the event the lenders are unable to substitute the defaulting RPG within the stipulated period, DISCOM may terminate the PPA and may acquire the Project assets for an amount equivalent to 90% of the debt due or less as mutually agreed, failing which, the lenders may exercise their mortgage rights and liquidate the Project assets.

Provided that any substitution under this Agreement can only be made with the prior consent of DISCOM including the condition that the selectee meets the eligibility requirements of Request for Selection (RfS) issued by DISCOM and accepts the terms and conditions of this Agreement.

13.3.6 The lenders in concurrence with DISCOM, may seek to exercise right of substitution under Article 13.3.5 by an amendment or novation of the PPA in favour of the selectee. The RPG shall cooperate with DISCOM to carry out such substitution and shall have the duty and obligation to continue to operate the Power Project in accordance with this PPA till such time as the substitution is finalized. In the event of Change in Shareholding/Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a new entity, an amount of Rs. 1 Lakh per
MW +18% GST per transaction as facilitation fee (non-refundable) shall be deposited by the RPG to DISCOM.

13.3.7 In the event the lenders are unable to substitute the defaulting RPG within the stipulated period, DISCOM may terminate the PPA and may acquire the Project assets for an amount equivalent to 90% of the debt due, failing which, the lenders may exercise their mortgage rights and liquidate the Project assets.

13.4 Procedure for cases of DISCOM Event of Default

13.4.1 Upon the occurrence and continuation of any DISCOM Event of Default specified in Article 13.2, the RPG shall have the right to deliver to DISCOM, a RPG Preliminary Default Notice, which notice shall specify in reasonable detail the circumstances giving rise to its issue.

13.4.2 Following the issue of a RPG Preliminary Default Notice, the Consultation Period of ninety (90) days or such longer period as the Parties may agree, shall apply and it shall be the responsibility of the Parties to discuss as to what steps shall be taken with a view to mitigate the consequences of the relevant Event of Default having regard to all the circumstances.

13.4.3 During the Consultation Period, the Parties shall continue to perform their respective obligations under this Agreement.

13.4.4 After a period of two hundred ten (210) days following the expiry of the Consultation Period and unless the Parties shall have otherwise agreed to the contrary or DISCOM Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, DISCOM under intimation to RPG shall, subject to the prior consent of the RPG, novate its part of the PPA to any third party, including its Affiliates within the stipulated period. In the event the aforesaid novation is not acceptable to the RPG, or if no offer of novation is made by DISCOM within the stipulated period, then the RPG may terminate the PPA and at its discretion require DISCOM to either (i) takeover the Project assets by making a payment of the termination compensation equivalent to the amount of the debt due and 150% (one hundred and fifty per cent) of the adjusted equity or, (ii) pay to the RPG, damages, equivalent to 6 (six) months, or balance PPA period whichever is less, of charges for its contracted capacity, with the Project assets being retained by the RPG.

Provided further that at the end of three (3) months period from the period mentioned in this Article 13.4.4, this Agreement may be terminated by the RPG.

13.5 Termination due to Force Majeure

13.5.1 If the Force Majeure Event or its effects continue to be present beyond a period as specified in Article 4.4.2, either Party shall have the right to cause termination of the Agreement. In such an event this Agreement shall terminate on the date of such Termination Notice without any further liability to either Party from the date of such termination.
ARTICLE 14: LIABILITY AND INDEMNIFICATION

14.1 Indemnity
14.1.1 The RPG shall indemnify, defend and hold DISCOM harmless against:
   a) any and all third party claims against DISCOM for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by the RPG of any of its obligations under this Agreement; and
   b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest actually suffered or incurred by DISCOM from third party claims arising by reason of a breach by the RPG of any of its obligations under this Agreement, (provided that this Article 14 shall not apply to such breaches by the RPG, for which specific remedies have been provided for under this Agreement).

14.1.2 DISCOM shall indemnify, defend and hold the RPG harmless against:
   a) any and all third party claims against the RPG, for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by DISCOM of any of their obligations under this Agreement; and
   b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest (‘Indemnifiable Losses’) actually suffered or incurred by the RPG from third party claims arising by reason of a breach by DISCOM of any of its obligations.

14.2 Procedure for claiming Indemnity
14.2.1 Third party claims
   a. Where the Indemnified Party is entitled to indemnification from the Indemnifying Party pursuant to Article 14.1.1(a) or 14.1.2(a), the Indemnified Party shall promptly notify the Indemnifying Party of such claim referred to in Article 14.1.1(a) or 14.1.2(a) in respect of which it is entitled to be indemnified. Such notice shall be given as soon as reasonably practicable after the Indemnified Party becomes aware of such claim. The Indemnifying Party shall be liable to settle the indemnification claim within thirty (30) days of receipt of the above notice. Provided however that, if:
      i) the Parties choose to refer the dispute before the Arbitrator in accordance with Article 16.3.2; and
      ii) the claim amount is not required to be paid/deposited to such third party pending the resolution of the Dispute,

   the Indemnifying Party shall become liable to pay the claim amount to the Indemnified Party or to the third party, as the case may be, promptly following the resolution of the Dispute, if such Dispute is not settled in favour of the Indemnified Party.
b. The Indemnified Party may contest the claim by referring to the Arbitrator for which it is entitled to be Indemnified under Article 14.1.1(a) or 14.1.2(a) and the Indemnifying Party shall reimburse to the Indemnified Party all reasonable costs and expenses incurred by the Indemnified party. However, such Indemnified Party shall not settle or compromise such claim without first getting the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

An Indemnifying Party may, at its own expense, assume control of the defence of any proceedings brought against the Indemnified Party if it acknowledges its obligation to indemnify such Indemnified Party, gives such Indemnified Party prompt notice of its intention to assume control of the defence, and employs an independent legal counsel at its own cost that is reasonably satisfactory to the Indemnified Party.

14.3 Indemnifiable Losses
14.3.1 Where an Indemnified Party is entitled to Indemnifiable Losses from the Indemnifying Party pursuant to Article 14.1.1(b) or 14.1.2(b), the Indemnified Party shall promptly notify the Indemnifying Party of the Indemnifiable Losses actually incurred by the Indemnified Party. The Indemnifiable Losses shall be reimbursed by the Indemnifying Party within thirty (30) days of receipt of the notice seeking Indemnifiable Losses by the Indemnified Party. In case of nonpayment of such losses after a valid notice under this Article 14.3, such event shall constitute a payment default under Article 13.

14.4 Limitation on Liability
14.4.1 Except as expressly provided in this Agreement, neither the RPG nor its/their respective officers, directors, agents, employees or affiliates (or their officers, directors, agents or employees), shall be liable or responsible to the other Party or its affiliates, officers, directors, agents, employees, successors or permitted assigns or their respective insurers for incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection herewith, including claims in the nature of lost revenues, income or profits (other than payments expressly required and properly due under this Agreement), any increased expense of, reduction in or loss of power generation or equipment used therefore, irrespective of whether such claims are based upon breach of warranty, tort (including negligence, whether of DISCOM, the RPG or others), strict liability, contract, breach of statutory duty, operation of law or otherwise.

14.4.2 DISCOM shall have no recourse against any officer, director or shareholder of the RPG or any Affiliate of the RPG or any of its officers, directors or shareholders for such claims excluded under this Article. The RPG shall have no recourse against any officer, director or shareholder of DISCOM, or any affiliate of DISCOM or any of its officers, directors or shareholders for such claims excluded under this Article.
14.5 **Duty to Mitigate**

14.5.1 The Parties shall endeavour to take all reasonable steps so as mitigate any loss or damage which has occurred under this Article 14.

**ARTICLE 15: ASSIGNMENTS AND CHARGES**

15.1 **Assignments**

This Agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be assigned by any Party, except to the Project Lenders or Lender’s Representative as security for their debt under the Financing Agreements, other than by mutual consent between the Parties to be evidenced in writing. Such assignment shall be agreed to by DISCOM subject to the compliance of provisions contained in this Agreement and more specifically to the provisions of Article 4.1.1 of this Agreement. In no case, such assignment shall be permissible prior to the declaration of COD.

Provided that, DISCOM shall permit assignment of any of RPG’s rights and obligations under this Agreement in favour of the lenders to the RPG, if required under the Financing Agreements. Provided that, such consent shall not be withheld if DISCOM seeks to transfer to any transferee all of its rights and obligations under this Agreement.

The enforcement of the rights and obligation between the RPG and the DISCOM provided in this Agreement shall not be treated as an assignment but an enforcement of the terms agreed under this Agreement.

Provided further that any successor(s) or permitted assign(s) identified after mutual agreement between the Parties may be required to execute a new agreement on the same terms and conditions as are included in this Agreement. An amount of Rs. 1 Lakh per Transaction as Facilitation Fee (non-refundable) shall be deposited by the RPG to DISCOM. Provided further that, such consent shall not be withheld by the RPG if DISCOM seeks to transfer to any affiliate all of its rights and obligations under this Agreement.

In the event of Change in Shareholding/Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a New Entity, an amount of Rs. 1 Lakh per Transaction as Facilitation Fee (non-refundable) shall be deposited by the RPG to DISCOM.

15.2 **Permitted Charges**

15.2.1 RPG shall not create or permit to subsist any encumbrance over all or any of its rights and benefits under this Agreement, other than as set forth in Article 15.1 and the Guidelines.

**ARTICLE 16: GOVERNING LAW AND DISPUTE RESOLUTION**

16.1 **Governing Law**

16.1.1 This Agreement shall be governed by and construed in accordance with the Laws of India. Any legal proceedings in respect of any matters, claims or disputes under this Agreement shall be under the jurisdiction of appropriate courts in ________.
16.2 Amicable Settlement and Dispute Resolution

16.2.1 Amicable Settlement

i. Either Party is entitled to raise any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement ("Dispute") by giving a written notice (Dispute Notice) to the other Party, which shall contain:
(a) a description of the Dispute;
(b) the grounds for such Dispute; and
(c) all written material in support of its claim.

ii. The other Party shall, within thirty (30) days of issue of Dispute Notice issued under Article 16.2.1(i), furnish:
(a) counter-claim and defences, if any, regarding the Dispute; and
(b) all written material in support of its defences and counter-claim.

iii. Within thirty (30) days of issue of Dispute Notice by any Party pursuant to Article 16.2.1(iii) if the other Party does not furnish any counter claim or defence under Article 16.2.1(ii) or thirty (30) days from the date of furnishing counter claims or defence by the other Party, both the Parties to the Dispute shall meet to settle such Dispute amicably. If the Parties fail to resolve the Dispute amicably within thirty (30) days from the later of the dates mentioned in this Article 16.2.1.(iii) the Dispute shall be referred for dispute resolution in accordance with Article 16.3.

16.3 Dispute Resolution

16.3.1 Dispute Resolution by the Appropriate Commission

i) Where any Dispute or differences arises in relation to this agreement of any nature whatsoever including the construction, interpretation or implementation of the provisions of this agreement as well as claim made by any Party for any change in or determination of the Tariff or any matter related to Tariff or claims made by any Party which partly or wholly relate to any change in the Tariff or determination of any of such claims could result in change in the Tariff, and relates to any matter agreed to be referred to the Appropriate Commission, shall be submitted to adjudication by the Appropriate Commission. Appeal against the decisions of the Appropriate Commission shall be made only as per the provisions of the Electricity Act, 2003, as amended from time to time.

ii) DISCOM shall be entitled to co-opt the lenders (if any) as a supporting party in such proceedings before the Appropriate Commission.

16.3.2 Dispute Resolution through Arbitration

i) If the Dispute arising as per Article 16.2.1 is not amicably resolved & such dispute is not covered in Article 16.3.1(i), such Dispute shall be resolved by arbitration under the provisions of the Electricity Act, 2003 (as amended from time to time) as under: Proceedings as well as appointment of the arbitrator(s) shall be carried out by the Appropriate Commissions under the Electricity Act 2003 as amended from time to time. As stipulated by the said Electricity Act
2003, the said arbitration will take place as per the provisions of the Arbitration and Conciliation Act 1996 as amended from time to time.

ii) The place of arbitration shall be the _____ (City where head quarter of DISCOM is located).

iii) The Arbitration Tribunal's award shall be substantiated in writing. The Arbitration Tribunal shall also decide on the costs of the arbitration proceedings and the allocation thereof.

iv) The provisions of this Article shall survive the termination of this PPA for any reason whatsoever.

v) The award shall be of majority decision.

vi) DISCOM shall be entitled to co-opt the lenders (if any) as a supporting party in such arbitration proceedings.

16.4 Parties to Perform Obligations

16.4.1 Notwithstanding the existence of any Dispute and difference referred to the Appropriate Commission and save as the Appropriate Commission may otherwise direct by a final or interim order, the Parties hereto shall continue to perform their respective obligations (which are not in dispute) under this Agreement.

ARTICLE 17: MISCELLANEOUS PROVISIONS

17.1 Amendment

17.1.1 This Agreement may only be amended or supplemented by a written agreement between the Parties.

17.2 Third Party Beneficiaries

17.2.1 This Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns and shall not be construed as creating any duty, standard of care or any liability to, any person not a party to this Agreement.

17.3 Waiver

17.3.1 No waiver by either Party of any default or breach by the other Party in the performance of any of the provisions of this Agreement shall be effective unless in writing duly executed by an authorised representative of such Party.

17.3.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement nor time or other indulgence granted by one Party to the other Parties shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right under this Agreement, which shall remain in full force and effect.
17.4 Confidentiality
17.4.1 The Parties undertake to hold in confidence this Agreement and not to disclose the terms and conditions of the transaction contemplated hereby to third parties, except:
   a) to their professional advisors;
   b) to their officers, contractors, employees, agents or representatives, financiers, who need to have access to such information for the proper performance of their activities; or
   c) disclosures required under Law, without the prior written consent of the other Party.

17.5 Severability
17.5.1 The invalidity or unenforceability, for any reason, of any part of this Agreement shall not prejudice or affect the validity or enforceability of the remainder of this Agreement, unless the part held invalid or unenforceable is fundamental to this Agreement.

17.6 Notices
17.6.1 All notices or other communications which are required to be given under this Agreement shall be in writing and in the English language.

17.6.2 If to the RPG, all notices or other communications which are required must be delivered personally or by registered post or facsimile or any other method duly acknowledged to the addresses below:
   Address:
   Attention:
   Email:
   Fax. No. :
   Telephone No. :

17.6.3 If to DISCOM, all notices or communications must be delivered personally or by registered post or facsimile or any other mode duly acknowledged to the address(es) below:
   Address:
   Attention:
   Email:
   Fax. No. :
   Telephone No. :

17.6.4 All notices or communications given by facsimile shall be confirmed by sending a copy of the same via post office in an envelope properly addressed to the appropriate Party for delivery by registered mail. All notices shall be deemed validly delivered upon receipt evidenced by an acknowledgement of the recipient, unless the Party delivering the notice can prove in case of delivery through the registered post that the recipient refused to acknowledge the receipt of the notice despite efforts of the postal authorities.
17.6.5 Any Party may by notice of at least fifteen (15) days to the other Party change the address and/or addresses to which such notices and communications to it are to be delivered or mailed.

17.7 **Language**

17.7.1 All agreements, correspondence and communications between the Parties relating to this Agreement and all other documentation to be prepared and supplied under the Agreement shall be written in English, and the Agreement shall be construed and interpreted in accordance with English language.

17.7.2 If any of the agreements, correspondence, communications or documents are prepared in any language other than English, the English translation of such agreements, correspondence, communications or documents shall prevail in matters of interpretation.

17.8 **Restriction of Shareholders / Owners’ Liability**

17.8.1 Parties expressly agree and acknowledge that none of the shareholders of the Parties hereto shall be liable to the other Parties for any of the contractual obligations of the concerned Party under this Agreement. Further, the financial liabilities of the shareholder/s of each Party to this Agreement, shall be restricted to the extent provided in the Indian Companies Act, 2013.

17.9 **Taxes and Duties**

17.9.1 The RPG shall bear and promptly pay all statutory taxes, duties, levies and cess, assessed/levied on the RPG, contractors or their employees that are required to be paid by the RPG as per the Law in relation to the execution of the Agreement and for supplying power as per the terms of this Agreement.

17.9.2 DISCOM shall be indemnified and held harmless by the RPG against any claims that may be made against DISCOM in relation to the matters set out in Article 17.9.1.

17.9.3 DISCOM shall not be liable for any payment of, taxes, duties, levies, cess whatsoever for discharging any obligation of the RPG by DISCOM on behalf of RPG.

17.10 **Independent Entity**

17.10.1 The RPG shall be an independent entity performing its obligations pursuant to the Agreement.

17.10.2 Subject to the provisions of the Agreement, the RPG shall be solely responsible for the manner in which its obligations under this Agreement are to be performed. All employees and representatives of the RPG or contractors engaged by the RPG in connection with the performance of the Agreement shall be under the complete control of the RPG and shall not be deemed to be employees, representatives, contractors of DISCOM and nothing contained in the Agreement or in any agreement or contract awarded by the RPG shall be construed to create any contractual relationship between any such employees, representatives or contractors and DISCOM.
17.11 **Compliance with Law**

Despite anything contained in this Agreement but without prejudice to this Article, if any provision of this Agreement shall be in deviation or inconsistent with or repugnant to the provisions contained in the Electricity Act, 2003, or any rules and regulations made there under, such provision of this Agreement shall be deemed to be amended to the extent required to bring it into compliance with the aforesaid relevant provisions as amended from time to time.

17.13 **Breach of Obligations**

The Parties acknowledge that a breach of any of the obligations contained herein would result in injuries. The Parties further acknowledge that the amount of the liquidated damages or the method of calculating the liquidated damages specified in this Agreement is a genuine and reasonable pre-estimate of the damages that may be suffered by the non-defaulting party in each case specified under this Agreement.

IN WITNESS WHEREOF the Parties have caused the Agreement to be executed through their duly authorized representatives as of the date and place set forth above.

For and on behalf of [DISCOM]

Name, Designation and Address

Signature with seal

Witness:
1.
2.

For and on behalf of [RPG]

Name, Designation and Address

Signature with seal

Witness:
1.
2.
## Annexure- II

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Points to be taken special care by Sanctioning Authority while processing proposals under the scheme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>DISCOMs will be nodal agencies and will be issuing LOAs (Letter of Award) and will also facilitate LoA holders in design, construction and commissioning of these plants as also offtake / marketing the energy produced and also facilitates marketing of energy produced from these plants.</td>
</tr>
<tr>
<td>2.</td>
<td>It needs to be ensured that promoters are not over leveraged at holding company level. Consolidated financials on a common date to be analyzed and to ensure that ratio of Term Debt / TNW is as per loan policy.</td>
</tr>
<tr>
<td>3.</td>
<td>All Statutory Approvals / clearances required for setting up power plant including Environmental clearance to be obtained before disbursement.</td>
</tr>
<tr>
<td>4.</td>
<td>100% land acquisition. In case of lease-hold land, the period of lease should be more than tenor of our loan and having transferable &amp; substitution rights. The land should have clearance for commercial activities (CLU) with mortgageable rights. Land should be SARFAESI Compliant. In case of lease-hold land, the lease period should be more than the repayment period. The lease rent may be in terms of Rs per year per acre of land or in terms of Rs per unit energy generated per acre of land area. The farmer(s) may opt for payment of lease rent directly in their bank account by the DISCOM, from the payment due to the developer.</td>
</tr>
<tr>
<td>5.</td>
<td>Entire cost overrun should be met by promoters. An Undertaking in this regard to be obtained from the borrower.</td>
</tr>
<tr>
<td>6.</td>
<td>Credentials of equipment vendor, technology being used. Performance etc. are important aspects to be examined before lending decision. There are few vendors / suppliers. If required, services of LIE can also be obtained. Besides, the promoters / LoA holders will also get assistance from DISCOMs in selection of technology.</td>
</tr>
<tr>
<td>7.</td>
<td>The assets created out of bank finance should be comprehensively insured with bank clause and preferably with our channel partners. Adequacy of insurance to be ensured. All Government guidelines for setting up of energy based power plant should be complied with.</td>
</tr>
</tbody>
</table>
### Annexure-III

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Documents to be obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Full set of audited balance sheet for the last 3 years (for existing units)</td>
</tr>
<tr>
<td>2.</td>
<td>Full set of CMA data duly signed by the promoters / partners / proprietor etc.</td>
</tr>
<tr>
<td>3.</td>
<td>Details of capital expenditure, if loan of required for fixed assets needed for business purpose. Detailed Project Report (DPR) to be obtained which shall contain all components of Project Cost including margin money for Working Capital as per Bank’s guidelines on financing Project loans / Term loans.</td>
</tr>
<tr>
<td>4.</td>
<td>Obtain original title deeds / certified copies (in case of takeover of limits), prior deeds, Land tax receipt, Building tax receipt, possession certificate, Location sketch and other relevant papers of the properties.</td>
</tr>
<tr>
<td>5.</td>
<td>Details of third party guarantee proposed to be offered.</td>
</tr>
<tr>
<td>6.</td>
<td>Unit’s incorporation documents viz. Memorandum &amp; Article of Association / Partnership deed / Trust Deed / Bye-laws of Society, as the case may be.</td>
</tr>
<tr>
<td>7.</td>
<td>Brief Profile of the unit, management, key persons, Industry etc.</td>
</tr>
<tr>
<td>8.</td>
<td>Details of associates, brief profile of the associates, their banking arrangement &amp; financials of the associates for the last year.</td>
</tr>
<tr>
<td>9.</td>
<td>Copies of Statutory approvals viz. MSME Udyog Aadhaar Registration Certificate, License / approval from regulatory authority, Pollution Control Certificate, GST / VAT registration etc.</td>
</tr>
<tr>
<td>10.</td>
<td>A conformation that the statutory dues are regularly paid.</td>
</tr>
<tr>
<td>11.</td>
<td>A declaration from the unit about the existing banking arrangements, about the details of Associate concerns / Subsidiary concerns along with their Banking arrangements (CMA-1)</td>
</tr>
<tr>
<td>12.</td>
<td>Copy of IT returns of promoters / firm for the last 2 years. (IT return of Company not applicable for new units)</td>
</tr>
<tr>
<td>13.</td>
<td>VAT / GST return for the last year (Not applicable for new units)</td>
</tr>
<tr>
<td>14.</td>
<td>Assets &amp; Liability statements of the promoters / guarantors, duly notarized</td>
</tr>
<tr>
<td>15.</td>
<td>In case of rented premises, copy of lease agreement(s)</td>
</tr>
<tr>
<td>16.</td>
<td>Details of shareholding pattern</td>
</tr>
<tr>
<td>17.</td>
<td>The customer be advised that processing fee as per Bank’s extant guidelines along with ST, will be obtained as advance</td>
</tr>
<tr>
<td>18.</td>
<td>Obtain letter of allocation of power supply, certificates of utilities availability etc.</td>
</tr>
</tbody>
</table>
TO ALL OFFICES:

HO: PSFID / PRIORITY SECTOR/CIRCULAR NO. 31/ 2021

REG: PM KUSUM (COMPONENT A): SETTING UP OF 10,000 MW OF DECENTRALIZED GROUND/STILT MOUNTED GRID CONNECTED SOLAR OR OTHER RENEWABLE ENERGY BASED POWER PLANTS

There has been a visible impact of solar energy in the Indian energy scenario during the last few years. Solar energy based decentralized and distributed applications have benefited millions of people in Indian villages by meeting their cooking, lighting and other energy needs in an environment friendly manner. The social and economic benefits include improvement in the standard of living and creation of opportunity for economic activities at village level.

2. Recently, India achieved 5th global position in solar power deployment by surpassing Italy. Solar power capacity has increased by more than 11 times in the last five years from 2.6 GW in March-2014 to 30 GW in July-2019. Presently, solar tariff in India is very competitive and has achieved grid parity.

3. Government of India has launched various schemes to encourage generation of solar power in the country. The captioned scheme has been launched with an objective of increasing farmers’ income, providing reliable energy source for irrigation and de-dieselizing the farm sector.

3.1. PM KUSUM COMPONENTS: The scheme has the following three components:

   a. Component-A: Setting up of 10,000 MW of Decentralized Ground/ Stilt Mounted Grid- Connected Solar or other Renewable Energy based Power Plants;
b. Component-B: Installation of 17.50 Lakh Stand-alone Solar Agriculture Pumps; and in any case shall be not be less than pump capacity in HP e.g. for 2 HP pump it will not be less

c. Component-C: Solarization of 10 Lakh Grid Connected Agriculture Pumps.

NOTE: Guidelines regarding financing components ‘B’ & ‘C’ have been already issued vide PSFID/ PRIORITY SECTOR CIRCULAR NO. 47/ 2020, dt. 06.06.2020.

Operating guidelines regarding Component A are enclosed as Annexure.

All concerned are advised to note the guidelines for compliance.

All Inspecting Officials are advised to note the guidelines to ensure its compliance. In case of non-compliance of above mentioned guidelines the issue of non-compliance may be flagged/ reported to the competent authority for taking further action in the matter.

(ARUN SHARMA)
GENERAL MANAGER
ANNEXURE

PRADHAN MANTRI KISAN URJA SURAKSHA EVEM UTTHAN MAHABHIIYAN (PM KUSUM) SCHEME (COMPONENT A): SETTING UP OF 10,000 MW OF DECENTRALIZED GROUND/STILT MOUNTED GRID CONNECTED SOLAR OR OTHER RENEWABLE ENERGY BASED POWER PLANTS

Development of power sector has been identified as a prerequisite for sustained economic growth. Despite the encouraging growth trajectory in the energy sector over the last few years, the Indian Power sector has still not been able to induce and sustain the required capacity addition matching with the ever growing power demand of the country. As such, there is a dire need to develop both conventional and non-conventional forms of energy.

The Government has also set an ambitious target of doubling of farmers’ income by the year 2022. Doubling real income of farmers till 2022-23 over the base year of 2015-16, requires annual growth of 10.41 per cent in farmers’ income. This implies that the on-going and previously achieved rate of growth needs strong measures to harness all possible sources of growth on farmers’ income within as well as outside agriculture sector.

In the above backdrop, Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) scheme was initiated by Government of India to increase the income of farmers as well as provide source for irrigation and de-dieselize the farm sector.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose and Extent of finance</td>
<td>a) Need based facility for setting up of solar power plant/procuring necessary gadgets which are the main cost involved may be considered.</td>
</tr>
<tr>
<td></td>
<td>b) The amount of loan should be within the prudential/internal ceiling prescribed by RBI/bank for individual and group exposure.</td>
</tr>
</tbody>
</table>
| Project Capacity & location | a) Under Component A of PM KUSUM, solar or other renewable energy based power plants (REPP) of capacity 500 kW to 2 MW will be setup by the eligible entities.  
  
  b) States/DISCOMs may allow setting-up of solar or other renewable energy based power plants of capacity less than 500 kW in specific cases.  
  
  c) Renewable Energy based Power Plants (REPP) will be preferably installed within five km radius of the sub-stations in order to avoid high cost of sub-transmission lines and to reduce transmission losses.  
  
  d) The REPP under the scheme would be implemented primarily on Barren / uncultivable land.  
  
  e) Agricultural land is also permitted under the scheme provided that solar plants are installed in stilt fashion (i.e. raised structure for installation of Solar panels) and with adequate spacing between panel rows for ensuring that farming activity is not affected. |
<table>
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<tbody>
<tr>
<td>Eligibility</td>
<td>Individual farmers/ group of farmers/ cooperatives/ panchayats/ Farmer Producer Organizations (FPO)/Water User associations (WUA) hereinafter called Renewable Power Generator (RPG).</td>
</tr>
</tbody>
</table>
| Margin (Term Loan) | Standalone units/ allied activity  
Min. 30% |
| Nature of Facility | Term Loan  
Non Fund Based Limits & Working Capital Facility (As Per The Requirement Of Project)  
**NOTE:** Bank will not finance the Performance Bank Guarantee to RPGs for DISCOMs. |
### Due Diligence
A detailed TEV Study should be conducted assessing all aspects of the project.

### Documentation
As per extant guidelines of the bank.

### Rate of Interest
As per extant guidelines of the bank.

### Security
- **a)** Hypothecation of assets including book debts.
- **b)** Unconditional power purchase agreement should be in place.
- **c)** An undertaking may be obtained from the agency which releases subsidies, to the effect that the amount of subsidy shall be directly sent to Bank.
- **d)** In case of the borrower being a Company, particulars of charge in respect of hypothecation of assets and book debts be filed in time with Registrar of Companies.
- **e)** Charge on borrower’s bank accounts, including but not limited to Escrow account, where all cash flows from the project shall be deposited and all proceeds shall be utilized in a manner and priority as decided by the lender(s).

### Collateral Security
- **a)** Advance shall be covered by collaterals covering at least 30% of the exposure (FB+NFB).
- **b)** However, possibility should be explored to obtain charge on moveable/immovable assets of the party/equitable mortgage of immovable properties belonging to promoters/family members and guarantors etc.
- **c)** Similarly, Pledge of fixed deposits receipts, third-party deposits and/or assignment of LIC policy of the individual/promoters, pledge of promoters’ share etc. may be considered. Corporate guarantee of other promoter companies/personal guarantee of promoters may be accepted.
- **d)** Particulars of charge be filed with the Registrar of Companies within the stipulated period.
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<tr>
<th><strong>Loaning Powers</strong></th>
<th>Not below the level of ZOCAC-I within their vested loaning power</th>
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</table>
| **Power Purchase Agreement (PPA)** | **a)** A copy of standard Power Purchase Agreement to be executed between the DISCOM and the RPG shall be provided by DISCOM along with invitation for submission of EoI.  
**b)** The model PPA agreement shall be as provided by MNRE.  
**c)** Within two months of the date of issue of Letter of Award (LoA) by DISCOM or any agency authorized by the DISCOM, the Power Purchase Agreement (PPA) will have to be executed by RPG. The PPA shall be for a period of 25 years from the date of COD.  
**d)** The DISCOM will be obliged to buy the entire power from RPG within the contract capacity. However, the RPG is required to achieve a minimum CUF of 15% on annual basis during the PPA period.  
**e)** In case of low Solar radiation zones, minimum CUF can be revised by concerned DISCOM. The RPG will be free to operate the plant after expiry of the 25 years of PPA period if other conditions like land lease, etc., permits.  
**f)** However, any extension of the PPA period beyond 25 years shall be through mutual agreements between the RPG and DISCOM. As a payment security measure DISCOM will have to maintain LC and Escrow Arrangement as defined in the PPA. |
| **MNRE’s Process Flow of setting up REPPs** | **a)** Distribution companies (DISCOMs) will notify sub-station wise surplus capacity which can be fed from such RE power plants to the Grid and shall invite applications from interested beneficiaries for setting up the renewable energy plants. |
b) Renewable power generated will be purchased by DISCOMs at a pre-fixed levelised tariff.

c) In case, the aggregate capacity offered by Applicants is more than notified capacity for a particular sub-station, bidding route will be followed by DISCOMs. In such cases the prefixed levelised tariff will be the ceiling tariff for bidding.

d) Selection of bidders will be based on the lowest tariff offered in the ascending order as quoted by the bidders in the closed bid or e- reverse auction as the case may be.

e) A model PPA (Power Purchase Agreement) to be executed between RPG and DISCOMs.

f) The duration of PPA will be 25 years from Commercial Operation Date (COD) of the project.

g) The total energy purchased from these RE plants will be accounted for fulfillment of RPO by the DISCOM.

h) In case the Eligible Entities are not able to arrange equity required for setting up the REPP, they can opt for developing the REPP through developer(s) or even through local DISCOM, which will be considered as RPG in this case.

i) In above case, the land owner will get lease rent as mutually agreed between the parties. The lease rent will be applicable in terms of guidelines issued by MNRE.

j) In case where setting up of solar projects on stilts may be mandatorily required, DISCOM may also float bids (in case of specific substations), and bids for energy tariff invited accordingly.

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<th>Bank Guarantees</th>
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<td>a) The RPG shall provide the following Bank Guarantees to DISCOM as follows:</td>
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<td>➢ Earnest Money Deposit (EMD) of Rs. 1 Lakh/MW in the form of Bank Guarantee along with EoI.</td>
</tr>
<tr>
<td>➢ Performance Bank Guarantee (PBG) of Rs. 5 Lakh/MW within 30 days from date of issue of Letter of Award.</td>
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</table>
### Shortfall in minimum generation
During PPA, if for any year, it is found that the RPG has not been able to generate minimum energy corresponding to CUF of 15% or as prescribed by DISCOMs; such shortfall in performance shall make RPG liable to pay the compensation as provided in the PPA to the DISCOM.

### Maintenance of TRA/ Escrow account
Tariff received from sale of power/other sources be deposited in TRA (Trust & Retention Account). Borrower may be advised to additionally maintain a minimum Debt Service Reserve Account (DSRA) wherein one/two quarter principal plus interest shall be maintained as a DSRA.

### Statutory Clearances
The Renewable Power Generator (RPG) is required to obtain necessary clearances as required for setting up the REPP.

### Rating/ Score
Applicants with IRR of 5 (B1 or equivalent score) shall be eligible for finance under the scheme.
In case of IRR of 6 (B2 or equivalent score) the proposal shall fall under vested loaning power of next higher authority, however, HOCAC-III/ MC shall have full powers.

**NOTE:** The respective Sanctioning authorities shall consider the proposals on merits within the vested powers.

### Loan Tenure
a) Solar projects, once installed, provide a secure, reliable return on investment. This is due to the fact that the life of...
implements typically lasts for 25 to 40 years whereas payback ranges between 8 to 12 years. Moreover, once the plant is set up, direct cost of production comes down as there is no raw material (fuel) related cost and the major cost component is managing the mirrors.

b) In order to provide desired impetus to the sector, repayment period of 10 to 15 years including moratorium of 6 to 9 months, depending upon the cash generation capacity and the obsolescence of technology.

c) MC/HOCAC-III is empowered to consider sanction of Term Loan beyond 15 years.

d) While considering the repaying capacity/cash flows/revenue generation, the Plant Load Factor (PLF) analysis undertaken by State Electricity Regulatory Commission (SERC) be taken as benchmark PLF. Deviation beyond 25% may be accepted under exceptional circumstances and after detailed evaluation.

**Sensitivity analysis**

In project financing sensitivity analysis needs to be carried out on the key variables which may impact servicing of debt. In such power projects the servicing of debt is to be done out of the tariff collection, the sensitivity analysis to be undertaken on reduction in tariff collection and plant load factor (by 5%) and increase in rate of interest (by 100 bps). However, if the sanctioning authority feels that the variable factors are highly volatile in some cases, the sensitivity analysis may be carried out at 10% instead of 5%.

**Insurance**

All the assets generated out of bank finance and other primary/collateral securities should be insured as per bank’s extant guidelines.

**Monitoring & follow up**

a) Securities and books of accounts be verified as per the terms of sanction.

b) The extant guidelines on Benchmark ratios should be followed.
| **HO: PSFID / PRIORITY SECTOR CIRCULAR NO. 31/2021: PM KUSUM - COMPONENT A**  
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| **c)** If required, the services of Lenders Engineers having knowledge and experience in the industry for evaluating the assets and use of funds, etc. at periodical intervals.  
**d)** Status report on the installation of project be also obtained from industry specialist/consultant at intervals defined by the sanctioning authority.  
**e)** All other general lending norms should be followed.  

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<th><strong>Other terms and conditions</strong></th>
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| **a)** A detailed project report clearly indicating the entire cost estimates and the means of financing the same be obtained from the promoters clearly describing the strategies and technologies to be adopted. Strategies must clearly spell out the terms and conditions of power purchase agreement (PPA) and available subsidies.  
**b)** A detailed TEV Study should be conducted assessing all aspects of the project.  
**c)** HOCAC-III is empowered to take deviation in the scheme specific guidelines and same shall be reported to MC for ratification.  
**d)** All other terms and conditions shall be applicable in terms of MNRE Guidelines.  
**e)** All risk associated with the terms and conditions stipulated by MNRE should be taken into account while analyzing the proposals under the scheme.  

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<th><strong>Classification</strong></th>
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| **a)** Loans to individual farmers (including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, and Proprietorship firms of farmers, directly engaged in Agriculture & allied agriculture for installation of solar power plants on barren/fallow land or in stilt fashion on agriculture land owned by farmer will be eligible for classification under Farm Credit- Agriculture.  
**b)** Loan to promoters other a) above, up to a limit of ₹30 crore will form a part of Priority Sector- Renewable energy.  

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**HO: PSFID & FINANCIAL INCLUSION DIVISION**  
4TH FLOOR, WEST WING, PLOT NO. 4, SECTOR 10, DWARKA, NEW DELHI-75
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<th>c) All other loans except mentioned above will be classified as Non-priority sector.</th>
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<td>NOTE: It is clarified that though the classification of advances is under agriculture, the activity is not agriculture activity. Pre-sanction appraisal will be done as per issued guidelines.</td>
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