सत्यमेव जयते

No. A-3/2015-IPC (Vol-II)
Government of India
Ministry of Power
*****

Shram Shakti Bhawan, Rafi Marg
New Delhi, dated 01.03.2018

OFFICE MEMORANDUM

Sub: Amendment to Mega Power policy 2009 for Provisional Mega Power projects-reg.

The undersigned is directed to refer to Ministry of Power OM of even number dated 21.09.2017 on the above mentioned subject. In this regard it is stated that the Mechanism for Operationalization of the release of proportionate Bank Guarantees/FDRs for Provisional Mega Power Projects has been further amended and the same is being forwarded as per Annexure-I.

2. This issues with the approval of Secretary (Power).

Encl: As stated

(S. Majumdar)
Under Secretary to the Govt. of India
Tel: 23356938

To,

I. Secretary, Department of Revenue, Ministry of Finance, North Block, New Delhi.
II. Chairperson, CEA, Sewa Bhawan, R.K. Puram, New Delhi

Copy to:

Director (NIC), MoP (for uploading the same on the web portal of Ministry of Power)

o/c
Issued
1/3/018

Mechanism for Operationalization of the release of proportionate Bank Guarantees/FDRs for Provisional Mega Power Projects

I. CCEA in its meeting dated 31.03.2017 has approved the following:

I. The time period for the provisional Mega projects (25 projects), for furnishing the final Mega certificates to the Tax authorities be extended to 120 months instead of 60 months from the date of import.Developers would be required to keep their Fixed Deposit Receipt (FDR) or Bank Guarantee (in lieu of the duty exemption claimed) alive.

II. The 25 provisional mega certified project may be considered for Mega Policy benefits in proportion to the long term PPA tied up, as permitted under the Mega Power Policy, once the specified threshold capacity of the project, gets commissioned. However, the money realized by the developer, if any, as a result of release of proportionate Bank Guaranteewould first be utilized towards the repayment of the Bank dues by the developer. A suitable mechanism may be worked in consultation with Department of Revenuefor operationalization of the release of proportionate Bank Guarantee.

II. In this regard, mechanism to be adopted for operationalization of the release of proportionate Bank Guarantee may be a four stage process:

a. Receiving of Application in Ministry of Power
b. Checking eligibility and making recommendation by CEA
c. Issuance of proportionate Mega Certificate by Ministry of Power
d. Release of proportionate benefits by Dept. of Revenue.

III. Detailed mechanism is as follows:

Stage 1:Receiving of Application in Ministry of Power

i. The eligible projects will submit their request (in duplicate) to Joint Secretary (Thermal), Ministry of Power.
ii. The request will also be accompanied with the details about the PPAs, commissioning of units etc. as per Annexure –I.
iii. The request letter should also provide details of Trust and Retention Account (TRA) of the project (to be certified by the Lead bank of the project) wherein the released money would be deposited.
iv. Along with the request, the project developer shall also provide an Undertaking as below, on an appropriate non-judicial stamp paper (also to be vetted/countersigned by the Lead Bank of the project):

"The Project proponent hereby irrevocably and unconditionally undertakes and confirms that the monies in any form released as a result of realization of Mega Power Policy Benefits including release of margin/collateral monies in relation to bank guarantee (s)/ fixed deposit

(s),in part or full, against the proportional Mega Power certificate shall be remitted to the designated Project Trust & Retention Account No. _____ and such monies shall be utilized to reduce the debt availed from the financial institutions/banks in relation to the Project or in any other purposes envisaged in the Project Trust & Retention Account Agreement as decided by the lenders."

v. The request will be forwarded to CEA for examination and scrutiny.

Stage 2: <u>Checking eligibility and making recommendation by CEA:</u>

a. Request would be examined by CEA as per the approved Mega Power Policy. For Provisional Mega certified projects having commissioned Threshold capacity as per Mega power Policy dated 14.12.2009, CEA would recommend Mega power benefits to be released in proportion to the quantum of valid long term PPA signed with Distribution companies/Utilities as per Ministry of Power OM No. A-3/2015-IPC dated 12.04.2017.

b. CEA would verify the validity of PPAs from the respective state DISCOMS/ Designated Authority.

c. Proportionate Mega Power benefits can be calculated as under:

I. **For project where PPA has to be signed for 85% of the Capacity:**
Mega Benefits to be released = Capacity of PPA signed/85% of Installed or net* Capacity.

II. **For projects where PPA has to be signed for 100% capacity (35% + 65%):**
Mega Benefits to be released = Capacity of PPA signed / Installed or net* Capacity.
**If the PPAs are signed on net capacity basis,then*
Net capacity = Installed capacity – Aux. Consumption (actual or CERC norms whichever is less)

d. After scrutiny of the proposal, CEA will send a recommendation to Ministry of Power for issuance of proportionate Mega certificate, which will include the verification done by CEA of the PPAs and the adoption/ determination letters submitted by the project.

Stage 3: <u>Issuance of proportionate Mega Certificate by Ministry of Power</u>

After receipt of CEA's recommendation, Joint Secretary (Thermal), Ministry of Power will issue the proportionate mega certificate to the project as per certificate attached at Annexure-II. The certificate shall be accompanied with developer's

Undertaking as stated on para (iv) at Stage 1. A copy of the certificate should also be marked to Department of Revenue and Department of Financial Services.

The certificate shall indicate that FDRs/Margin money against BG, released by the Custom/Excise Authorities, shall be deposited in the TRA account number _____ (as provided by the developer at Stage -1 and as verified by the Lead Bank of the project) of the project and such monies shall be utilised to reduce the debt availed from the financial institutions/banks in relation to the Project or in any other purposes envisaged in the Project Trust & Retention Account Agreement as decided by the lenders.

Department of Financial Services (DFS) may advise all Banks to ensure that the amount of FDRs/Margin money against the Bank Guarantee, released in proportion to the proportional Mega certificate to the project shall be deposited in the TRA account of that project.

Stage 4: Release of proportionate Bank Guarantee by Department of Revenue

I. Accordingly, the concerned commissionerate of Customs/Central Excise shall release proportionate amount of FDRs/Margin money against BGs of the project.
II. Once funds have been deposited in TRA, Project Lender's consortium will decide on the utilization plan of the same.

******

Annexure -I

Details of the project eligible for release of Securities against Mega Power Policy:

S.No	Particulars			
A	**Details of the Power Station**			
1.	Name of the Project			
2.	Name of the Developer*			
3.	Capacity (MW) of Project			
	Units (along with their capacity in MW) granted provisional Mega certificate.			
4.	Project Location			
5.	Date of issue of Provisional Mega certificate			
6.	Commissioned Capacity (MW)			
7	Date of Commissioning (Unit wise Commissioning certificate to be attached)	Unit	Capacity (MW)	Date of actual commissioning
8.	Latest Project Cost (Duly certified by statutory auditors)			
9.	Expenditure incurred till date (Audited figure as on -- ----------)			
10	Details of Imports and domestic procurement made under Provisional Mega Certificate			
11.	Mega benefits availed so far (a) Excise Duty (b) Customs Duty			
12.	Total amount of BG / FDR deposited			
13.	Details of Lenders along with the amount of Loan taken so far. Name of the lead Banker and contact details of 2 Nodal Officers			

14	Details of PPA					
PPA Capacity (MW)	Date of PPA signing	Tenure (in years)	Name of Discom	Date of adoption/ determination by ERC (copy attached)	Details of Long term PPA (Section 62/63)	Aux. Power Consumption (As per CERC Norms or Design, whichever is lower)
Total (A)				_____ **MW**		

Annexure-II

CERTIFICATE

No. .....

Government of India

Ministry of Power

New Delhi dated .....

MEGA POWER CERTIFICATE (PROPORTIONAL)

Provisional Mega Power certificate was given to M/s ..... (Project Proponent) by Ministry of Power vide letter No. ..... dated .....for its project at .....

2. In accordance with Ministry of Power's Office Memorandum No. A-3/2015-IPC dated 12.04.2017, Department of Revenue's Notification No. ..... dated..... and the procedure laid down vide Ministry of Power's Office Memorandum No. A-3/2015-IPC dated ..... regarding methodology forrelease of proportional Mega benefits for provisional mega power projects, it is certified that the project has become eligible for being extended Mega Power benefits to the extent of ..... %.

3. M/s ..... has provided the Trust and Retention Account (TRA) (certified by the Lead Bank (Name _____) of its project) as .....

4. Undertaking from the Project Proponent as per the laid down guidelines vide Ministry of Power letter No. A-3/2015-IPC (Vol. II) dated 21.09.2017 is attached.

(Signature and Stamp)
Joint Secretary to the Govt. of India

BASIS

I. M/s ..... letter No. ..... dated ..... to Ministry of Power enclosing PPAs with ..... approved by ..... (CERC/SERC), along with necessary details as required under the guidelines laid down vide Ministry of Power letter No. A-3/2015 IPC (Vol. II) dated 21.09.2017..

II. Letter from Beneficiary State(s) regarding to carry out distribution reforms in accordance with the Ministry of Power letter No. A-118/2003-IPC (Vol. II) dated 03.12.2009.

Note:

In accordance with the Ministry of Power's Office Memorandum No. A-3/2015-IPC (Vol. II) dated 21.09.2017, the amount of Fixed Deposit Receipts (FDRs)/Margin money against the Bank Guarantee, released against the Proportional Mega Certificate to the project **shall be deposited in the Trust and Retention Account of the project** and such monies shall be used to reduce the debt availed from the financial institutions/banks in relation to the Project or in any other purposes envisaged in the Project Trust & Retention Account Agreement as decided by the Lenders. The Bank(s) releasing Bank Guarantee/FDR may ensure that the amount released, if any, as a result of BGs/FDs is remitted to TRA as per details above.