



SOLAR POWER DEVELOPERS ASSOCIATION

910, 9th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi- 110001

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Website: www.solarpda.com

SPDA/RV/2020/249

December 24, 2020

To,

Mr. Y.D. Brahmhatt

Chief Engineer (P&P),

Gujarat State Electricity Corporation Limited (GSECL),

Vidyut Bhavan, Race Course,

Vadodara, Gujarat

India 390007

Subject: Request for reduction of Contract Performance Guarantee/ Performance Security (PBG) in recent EPC bid by GSECL for “140MW solar PV grid connected power plant at different places in Gujarat and 19 MW project at Charankha Solar Park.”

Ref: 1. MNRE Office Memorandum F.No.283/114/2018-GRID SOLAR dated 22.12.2020.

Dear Sir,

Greetings from Solar Power Developers Association.

We are an independent industry association, committed to promoting the solar sector in India. We provide a neutral platform for policy advocacy, discussions, and examination of issues critical to the development of the solar sector and are well recognized by the Ministry of New and Renewable Energy. SPDA represents around 50-member companies from the solar sector providing their assistance in policy evolution and a healthier investment climate for renewable energy projects and services. The member companies of SPDA includes all the large players who have actively contributed with more than 75% of total capacity operation in India.

The Gujarat State Electricity Corporation Limited (GSECL) has brought out EPC “Bid for design, engineering, supply & procurement, construction, operation and maintenance of 140 MW solar Photovoltaic grid connected power plant ranging from 10 MW to 40 MW at various substations in the state of Gujarat like Gujarat Energy Transmission Corporation Limited (GETCO) & GSFC & GNFC solar PV projects (15 MW+04 MW) AC at Charankha Solar Park”.

In this tender, GSECL has asked for security deposit cum performance bank guarantee (SD/PBG) as “The successful bidder shall submit security cum Performance Bank Guarantee of 10% of the EPC contract Price, to be submitted within seven (7) days along with the acceptance of Letter of Intent (LOI)”.



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In this regard, you may be aware that MNRE has issued directions vide Office Memorandum (MoF Oms) dated 22.12.2020 (copy attached for your kind perusal), instructing all agencies involved in public procurement to reduce performance guarantee from 5-10% to 3% with immediate effect, taking into consideration as per the notifications by the Ministry of Finance. This practice is already being followed by RE Implementing agency, SECI and other state agencies.

Therefore, we kindly request your office to take note of the same and reduce the SD/PBG requirement accordingly in the above-mentioned tender. Likewise, suitable changes should be made to tender condition since it severely impacts overall project cost, and it blocks the Bank Guarantee limit of prospective bidders.

Request:

We therefore request your kind office to kindly consider the following:

- i) Reduce performance guarantee to 3% of contract cost which will ease out the burden on successful bidder
- i) To waive off condition of deposit of Bid Security/ EMD or at least Reduce EMD from 4 lac/ MW to 1 lac/MW.
- ii) Revision in payment schedule revision to ensure less negative cash flow to the successful bidder
- iii) Payment security through LC payment
- iv) Acceptance of Corporate Guarantee instead of Bank Guarantee.

You will appreciate that the above suggestions will result in reduction of the project cost, indirectly benefitting GSECL and consumers at large.

Looking forward to a positive consideration.

Thanking you.

Yours Sincerely,

Ravi Verma

Member – Governing Council

SPDA