



SOLAR POWER DEVELOPERS ASSOCIATION

910, 9th Floor, Surya Kiran Building,
19, Kasturba Gandhi Marg, New Delhi- 110001
Website: www.solarpda.com
Email: dg@solarpda.com, duttshekh@hotmai.com

Shekhar Dutt, SM, IAS (Retd.)
Director General, SPDA
Former Governor of Chhattisgarh State
Phone: +91-9810222250 / +91-8750394442

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Subject: Request in blanket extension of 3 months extension in Financial closure and SCoD of Solar Power projects on account of COVID-19 second wave.

Dear Shri Chaturvedi,

Greetings from Solar Power Developers Association.

On behalf of the industry, SPDA will like to commend series of steps taken by the Government of India to combat the challenges posed by the second surge of cases in COVID-19 outbreak. Besides, interventions made by Govt. to resurrect the economy are indeed worth commending. We, through this letter, wish to highlight the continued challenges that Solar Power Industry is facing for the last year, which have become even more acute with ongoing time.

Govt. had taken the problems into cognizance and provided relief in blanket extension for five months through an O.M. dated 13th August 2020. The extension given with the assumption that in the proposed period, there will be normalization in equipment supply, logistics, labour supply, the functioning of Government offices, etc.

Owing to the daily cases now reaching more than 2,75,000 across States like Maharashtra, Karnataka, Tamil Nadu, Madhya Pradesh, Uttar Pradesh, Gujarat, Punjab, Rajasthan, etc which have also RE projects at various stages of commissioning. To slow down the spread of the virus, various State Government and local administration have announced vaccination drive and local curfew and lockdown affecting the movement of personnel, labour, and delay on multiple approvals from State authorities, etc.

- 1. Bank-related issues:** As a standard practice, banks disburse the loan amount in tranches based on milestones' achievement. Banks rely on the lender engineer's report to verify these milestones who submit the same after making a site visit. However, due to the increase in COVID-19 cases, we witness such agencies' reluctance to visit the site. To aggravate the matters further, COVID-19 related approvals and medical tests needed to travel are making things even more difficult. As a result, developers are facing problems in getting timely disbursement. The lack of capital is resulting in delays in vendor payments, translating to disruption in the supply chain, and is likely to delay projects' commissioning.

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2. **Labour Availability:** In the aftermath of COVID-19, we witnessed the large-scale movement of migrant workers back to their villages. As per an article by Indian Express, around 200 million labour were broadly affected by the lockdown disruption. Renewable projects need a massive workforce during the construction stage and employ about 1000-1200 in a typical project with 100 MW capacity. Due to migration, projects remained stranded for a substantial period as it took more time for workers than anticipated.

A lot of workers did return, and work started in full swing. However, with Wave-II of the outbreak, there is a panic among the workers, and a bulk of them are returning to their villages again, which has also been covered in media. We are witnessing scarcity of work force at sites again, which will again put the project construction to hold.

3. **Impediment in project construction:** Many solar projects are coming up in the states of Rajasthan and Gujarat. Due to the peak summer season, project construction activities are generally carried out in the late afternoon and end in the evening. Some firms are also night shifts to catch up with the project schedule. However, due to the Second Wave of COVID-19, the District administration has imposed night curfew at many places. Since projects are located at locations far-off from the workers' dwelling places, project activities must close by 5 pm. It is again hampering the speed of construction. There is a general apprehension that if the situation continues like this, there can be a significant delay in commissioning the projects.

4. **Issues in Land Acquisition and Other approvals:** Land acquisition is a long-drawn process that starts with identifying land parcels, negotiations with landowners followed by the signing of sales agreement, sale deed registry, and finally mutation. The process and procedures vary with state, and on average, it takes taking 9-12 months. The registry and mutation of land are done at Govt. offices. Besides, there are approvals related to connectivity, equipment usage that also requires the functioning of Govt. offices.

We are witnessing frequent closure of offices due to COVID-19 infection to one or the other official. The closure generally lasts for 5-7 days, impacting several processes and has a cascading impact. Large projects require registries of 700-800 plots of land with multiple owners. On many occasions, landowners also refuse to visit offices, citing the COVID-19 issue aggravating things further. It gets translated into project delays in activities varying from the finalization of engineering drawings, placement of the order for equipment, etc.

5. **Delays in supply of equipment:** The manufacturing units for MMS structure, inverters, transformers are still facing a massive order backlog due to disruption in the supply chain and local restrictions. Further, ramp-up has been relatively slower as supply chains for raw materials, semi-finished products, logistics, etc., takes time for a revival. Besides, most MSME units that are primary suppliers to Solar P.V. projects had working capital issues that got resolved only after a period. The manufacturing units for supplying Balance of System (BoS) materials also witness disruption due to COVID-19 cases within premises as factories continue to work on shifts with partial strength, causing a delay in scheduled deliveries.

6. **Increase in Input costs:** The raw materials and solar modules are facing a rise in price trends, which has led to reneging contracts with Solar P.V. manufacturers both internationally and domestically. The developers usually bid tariffs and stipulate timelines at the time of bidding, catering to few assumptions. Still, a scenario like a pandemic has caused uncertainty in the market and eroding our thin margins.

Request:

The Project execution is increasingly becoming very difficult due to the issues mentioned above. While developers are developing alternate approaches like reconfiguring project design, tackling delays in land acquisition, equipment supply, etc. Without Government support, many of them may not last for long. Developers must be given sufficient time to devise alternative methods for project execution and tide over an uncertain macroeconomic environment. These are extraordinary times, and a matching response is the need of the hour.

Hence, we request you to consider an additional blanket time extension of 3 months on the Scheduled Commissioning Date over and above the 5-month extension already provided earlier. It is also requested that developers may be exempted from providing any documentation for the same.

We look forward to your kind support in the matter.

With warm regards

Yours Sincerely,



Shekhar Dutt

To,
Shri Indu Shekhar Chaturvedi
Secretary
Ministry of New & Renewable Energy
Government of India
New Delhi