



## SOLAR POWER DEVELOPERS ASSOCIATION

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**SPDA/DG/2021/266**

**February 08, 2021**

**Sub: Request for a blanket extension in Financial Closure/ SCoD of Solar Power Projects in addition to five months granted earlier.**

**Ref: Time Extension in Scheduled Commissioning Date of Renewable ENrgy )RE) projects considering disruption due to lockdown due to COVID-19, Ministry O.M (F No: 283/18/2020-GRID SOLAR) issued on date 13.08.2020**

Hon'ble Shri RK Singh ji ,

Greetings from Solar Power Developers Association.

This is regarding the MNRE's office memorandum dated 13th August 2020, which recognised COVID-19 as Force majeure and provided a blanket extension of 5 months (24.03.2020 to 23.08.2020) for commissioning Solar Power projects to compensate for disruption caused due to lockdown implemented to control COVID-19 pandemic.

On behalf of the industry, SPDA expresses its gratefulness for providing the relief of 5 months. The extension of 5 months was 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. We wish to bring to your kind attention that even though the economy was unlocked in phases, things at the ground remain disrupted as rising cases of COVID-19 continued to pile up.

In addition we request you to also consider RE projects that have been affected on account of

- i. Delay in approval for tariff adoption and power procurement pending with Electricity Regulatory Commissions (SERC/JERC),
- ii. Non-functioning of the Hon'ble CERC for almost 6 months and
- iii. An extension in Financial closure (FC) to be aligned with Schedule Commissioning Date (SCoD) of projects in land acquisition.

Some of the common problems that developers continue to face on ground level are mentioned below:

1. **Frequent closure of Government offices.**



The implementation of RE projects requires multiple approvals at Tehsil, District, and State level. During the lockdown, these offices were entirely shut. After the offices' opening, we have been witnessing ceiling of offices for a duration ranging from 7 days to 15 days upon detecting COVID case in the office. As a result, approvals, land registration, connectivity related permission from STU/CTU/ DISCOMS etc., required for the project's execution gets delayed because of either work from home guidelines or the available understaffed office personnel being overtly busy in some form of COVID related work or other. This gets translated into project delays in activities varying from the finalisation of engineering drawing, placement of the order for equipment, the award of contract, initiation of work at the ground, etc.

**2. Issues with land acquisition due to the migration of labour.**

In the aftermath of COVID-19, there have been massive job cuts in urban areas, which have compelled daily wage labourers to move back to their villages. Due to limited employment opportunities, many labourers who are owners or have partial ownership have taken up farming. As a result, some patches of land that were identified for purchase by developers has been blocked. The land owners who have earlier agreed to sell land are now reluctant to sell which is another cause of delay. Developers have taken alternate approaches like a reconfiguration of project design, translating in to delay in ordering equipment cascading into corresponding delays in construction and commissioning of projects. It is requested that submission of land documents and Bill of materials (BOM) should be allowed on the date of SCoD instead of FC.

**3. Order backlog resulting in delays.**

The manufacturing units for MMS structure, inverters, transformers that started after lockdown had a massive order backlog due to complete closure. 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 PV projects had working capital issues that got resolved only after a period. The manufacturing units for supplying Balance of System (BoS) materials are also witnessing disruption due to COVID-19 cases within premises as factories continue to work on shifts with partial strength, causing a delay in scheduled deliveries.

**4. Other issues affecting project timelines and financing.**

Owing to the exponential rise in COVID-19 cases, most organization continue to observe work from home policies, due to which stakeholder interactions with lenders and likewise other authorities have caused constraints impacting project financing timelines. In addition to this, several other state-specific issues impact Solar Power Developers adversely and will potentially delay the commissioning of projects. As you are already aware that the liquidated damages in case of delay is significantly high. The developers are not in the position to bear further financial hardship as they are already reeling from delays in payment and refund of Safeguard Duty (SGD). There is an unprecedented increase in cost of modules and other critical materials like cables, module mounting structures (MMS) etc due to the recent shortage in the availability of 40ft shipment containers causing disruption in the supply chain.

**Request:**

Considering the above, we request to kindly issue an order to provide an additional blanket extension so that RE developers, Small and Medium enterprises and

manufacturing industries can get necessary support in protecting jobs and reducing the financial implications due to continued delays impacting the commissioning of the projects. The necessary extension will provide relief and assure confidence to lenders and investors.

We look forward to your kind consideration in this regard.

Thanking you.

*With warm regards*

Yours Sincerely,



**Shekhar Dutt**

**To,  
Hon'ble Shri R.K. Singh Ji,  
Union Minister of State (IC),  
Ministry of Power and Ministry of New and Renewable Energy  
Government of India**