



SOLAR POWER DEVELOPERS ASSOCIATION
910, 9th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi- 110001
Phone: +91-8750394442, Email: spda@solarpda.com
Website: www.solarpda.com

SPDA/PG/2021/255

January 13, 2021

To,
Shri Mr. Jinal Mehta
Managing Director
Torrent Power Limited
"Samanvay", 600
Tapovan, Ambavadi
Ahmedabad-380015 (Gujarat)

Sub: Request to incorporate suggested changes to the bid document to increase participation of the interested bidders.

Ref: Request for Selection (RfS) No. TPL/Solar/03/2020 dated 23.12.2020 issued by your office for purchase of power through competitive bidding process followed by e-reverse auction upto 300 MW from grid connected solar photovoltaic power projects in Gujarat.

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 (GoI). 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.

We would like to bring your kind attention towards the provisions under Clause 3.4.4 on Financial eligibility criteria under the above referred RfS document issued by your office which state the eligibility requirements as under:

"ii) The Net-Worth of the Bidder or its Affiliates or Parent/ Ultimate Parent for the financial year ended on 31.03.2020 shall not be less than Rs. 1.5 Crores per MW (of the capacity quoted). For avoidance of doubt, net worth to be considered will be the total net worth as calculated in accordance with the Companies Act 2013.

Net Worth according to Section 2 (57) of the Companies Act 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.



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iii) Annual Turnover of the Bidder or its Affiliates or Parent/ Ultimate Parent for the financial year ended on 31.03.2020 shall not be less than Rs. 2 crores per MW (of the capacity quoted).

iv) Internal resource generation of the Bidder or its Affiliates or Parent/ Ultimate Parent for the financial year ended on 31.03.2020 shall not be less than Rs. 1 crores per MW (of the capacity quoted). The internal resource generation shall be calculated as Profit After Tax + Depreciation.

The Net Worth, Annual Turnover and Internal Resource Generation to be considered for the above purpose will be the cumulative of the bidding company or consortium together with the Net Worth, Annual Turnover and Internal Resource Generation respectively of those Affiliates of the Bidder(s) that undertake to contribute the required equity funding and Performance Guarantees in case the Bidder(s) fails to do so in accordance with the RfS.”

Most of the private investors' (IPPs) who have large scale solar plants in operation in last 3-5 years and/or have under construction projects would not qualify for the bid as they would not have adequate cash flows on books to show and fulfil the criteria of Annual Turnover and Internal Resource Generation even though they fulfil the criteria of required Net Worth. This provision restricts some of the serious bidders who are capable of investing in the project. We suggest “Line of Credit” may be included as an alternate option for “Annual Turnover” and “Internal Resource Generation”.

The bid document also states that the Earnest Money Deposit (EMD) of Rs. 10 Lakh / MW is to be submitted along with the Response to RFS and the Performance Bank Guarantee (PBG) of Rs. 25 Lakh/MW is to be submitted at the time of signing of the Power Purchase Agreement. Solar Energy Corporation of India (SECI), the designated agency to conduct competitive bidding at Central level, has waived off EMD requirement recently based on Central Government directives and requires only “Bid Security Declaration” submission against EMD and PBG of Rs. 8.00 Lakh/MW at the time of signing of the PPA. We suggest your office to align the bid conditions in line with SECI.

Request:

We request your office to please issue suitable amendments to the bod documents taking into consideration above suggested changes. This will facilitate more participation and may result in discovery of attractive tariffs.

We shall be happy to provide additional details as may be required by you.

Looking forward to a positive consideration.



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Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Praveen Golash'.

Praveen Golash

Joint Secretary- SPDA