

# MINISTRY OF POWER

## Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Wind Power Projects, Dated: 08.12.2017 with amendments Dated: 16.07.2019.

Sl. No.	Description	Summary
1.	<b>Control Period</b>	N.A.
2.	<b>Target</b>	The Government of India has set an ambitious target of achieving 175 GW power capacity from renewable energy resources by 2022 and out of this 60 GW is to come from wind power.
3.	<b>Objective</b>	The objective of these Guidelines is to provide a framework for procurement of wind power through a transparent process of bidding including standardisation of the process and defining of roles and responsibilities of various stakeholders. These Guidelines aim to enable the Distribution Licensees to procure wind power at competitive rates in a cost effective manner.
4.	<b>Applicability</b>	These Guidelines are being issued for long-term procurement of electricity through competitive bidding process, by the 'Procurer(s)', from grid-connected Wind Power Projects ('WPP') having, <ul style="list-style-type: none"> <li>• individual size of 5 MW and above at one site with minimum bid capacity of 25 MW for intra-state projects; and</li> <li>• individual size of 50 MW and above at one site with minimum bid capacity of 50 MW for inter-state projects.</li> </ul>
5.	<b>Appropriate Commission</b>	<ol style="list-style-type: none"> <li>1. In case the wind power projects supplying power to Distribution licensee(s) of one State, the Appropriate Commission, for the purpose of these bidding Guidelines, shall be the State Electricity Regulatory Commission of the concerned State where the distribution licensee(s) is located.</li> <li>2. In case the wind power projects supplying power to Distribution licensee(s) of more than one State, the Appropriate Commission, for the purpose of these bidding Guidelines, shall be the Central Electricity Regulatory Commission.</li> <li>3. For cases involving sale of wind power from generating companies owned or controlled by Central Government, the Appropriate Commission shall be the Central Electricity Regulatory Commission.</li> </ol>
6.	<b>Preparation for Inviting Bid and Project Preparedness</b>	<ul style="list-style-type: none"> <li>• <b>Bid Documentation:</b> Prepare the bid documents in accordance with these Guidelines and Standard Bidding Documents (SBDs) consisting of Model Request for Selection (RfS) Document, Model PPA and Model PSA, notified by the Central Government.</li> <li>• <b>Site-related project preparatory activities including clearances:</b> <ol style="list-style-type: none"> <li>1. Land acquisition: Identification of the 100% land at the time of bid submission and submission of documents / Lease Agreement to establish possession and right to use 100 % (hundred per cent) of the required land in the name of the WPG for a period not less than the complete term of PPA, on or before the Scheduled Commissioning Date (SCD). Wherever leasing of private land is involved, the lease should allow transfer of land to the lenders or Procurer, in case of default of the WPG.</li> <li>2. (NOC/ Environmental clearance (if applicable) for the Project.</li> <li>3. Forest Clearance (if applicable) for the land for the Project.</li> <li>4. A letter from State Transmission Utility (STU)/ Central Transmission Utility (CTU), as applicable, confirming technical feasibility of connectivity of the plant to STU/ CTU substation.</li> </ol> </li> </ul>

		5. Any other clearances (if any), as may be legally required.
7.	<b>Bid Structure</b>	<p><b>Bid Size:</b> For intra-state projects a bidder shall be allowed to bid for a minimum 25 MW wind power projects with at least 5 MW project at one site and for inter-state projects a bidder shall be allowed to bid for a minimum 50 MW wind power project at one site. The Procurer may also choose to specify the maximum capacity that can be allotted to a single bidder including its Affiliates. The maximum capacity for single bidder or company or group of companies may be fixed by the Procurer keeping in mind factors such as economies of scale, land availability, expected competition and need for development of the market.</p> <p><b>Bidding Parameters:</b> The Procurer may select either of the following kinds of tariff based bidding: (a) fixed tariff in Rs./kWh for 25 years or more or (b) escalating tariff in Rs./kWh with pre-defined quantum of annual escalations fixed in Rs./kWh and number of years from which such fixed escalation will be provided. The Procurer may also opt for e-reverse auction for final selection of bidders, in such a case, this will be specifically mentioned in the notice inviting bids and bid document. The Procurer may disclose in the RfS, the prevailing incentives available to the WPGs.</p>
8.	<b>PPA Period</b>	25 - Years
9.	<b>Capacity Utilisation Factor (CUF)</b>	<ol style="list-style-type: none"> <li>1. The WPG will declare the annual CUF of its Project at the time of signing of PPA and will be allowed to revise the same once within first three years of COD. Calculation of CUF will be on yearly basis from 1<sup>st</sup> April of the year to 31<sup>st</sup> March of next year. The declared annual CUF shall in no case be less than 22 per cent. The variation permitted in wind power generation from the declared CUF value will be indicated in the RfS.</li> <li>2. In case the project supplies energy less than the energy corresponding to the minimum CUF, the WPG will be liable to pay to the Procurer, penalty for the shortfall in availability of energy. The amount of such penalty will be calculated @ 50% (fifty percent) of the PPA tariff for the shortfall in energy terms, in accordance with the terms of the PPA. Such penalty as recovered from the WPG, shall be passed on by the Intermediary Procurer to the End Procurer, as the case may be, after deducting losses of Intermediary procurer.</li> <li>3. In case of availability of power more than the maximum CUF specified, WPG will be free to sell it to any other entity provided first right of refusal will vest with the Procurer(s). In case the Procurer purchases the excess generation, the same may be done at 75% of the PPA tariff, and provision to this effect shall be clearly indicated in the RfS document.</li> </ol>
10.	<b>Payment Security</b>	<ul style="list-style-type: none"> <li>• <b>Direct procurement by Distribution licensee from WPG:</b> <ol style="list-style-type: none"> <li>1. <b>Revolving Letter of Credit (LC)</b> of an amount not less than 1 (one) months' average billing from the Project under consideration;</li> <li><b>AND</b></li> <li>2. <b>Payment Security Fund</b>, which shall be suitable to support payment for at least 3 (three) months' billing of all the Projects tied up with such fund;</li> <li>3. In addition to a) &amp; b) above, the Procurer may also choose to provide <b>State Government Guarantee</b>, in a legally enforceable form, ensuring that there is adequate security to the WPG, both in terms of payment of energy charges and termination compensation, if any.</li> </ol> </li> <li>• <b>Intermediary-Procurer procures from the WPG and sells to the Distribution licensee:</b> <ol style="list-style-type: none"> <li>1. <b>Payment Security by Intermediary Procurer to the WPG</b></li> </ol> </li> </ul>

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11.	<b>Force Majeure</b>	The PPA shall contain provisions with regard to force majeure definitions, exclusions, applicability and available relief on account of force majeure, as per the industry standards. The WPG shall intimate the Procurer about the occurrence of force majeure within 15 (fifteen) days of the start of the force majeure and the Procurer shall take a decision on his claim within 15 days of the receipt of the intimation								
12.	<b>Generation Compensation for Off-take Constraints</b>	<p><b>Generation Compensation in offtake constraints due to Grid Unavailability:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"><b>Duration of Grid unavailability</b></th> <th><b>Provision for Generation Compensation</b></th> </tr> </thead> <tbody> <tr> <td>Grid unavailability in a contract year as beyond 50 hours in a Contract Year as defined in the PPA</td> <td> <p><b>Generation Loss = [(Average Generation per hour during the contract year) x (number of hours of grid unavailability during the contract year)]</b></p> <p>Where, Average Generation per hour during the contract year (kWh) = Total generation in the contract year (kWh) ÷ 8766 hours less total hours of grid unavailability in a Contract year</p> </td> </tr> </tbody> </table> <p><b>Offtake constraints due to Backdown:</b></p> <ul style="list-style-type: none"> <li>• The WPG and the Procurer shall follow the forecasting and scheduling process as per the regulations in this regard by the Appropriate Commission. No wind power plant, duly commissioned, should be directed to back down by a Discom/Load Dispatch Centre (LIDC).</li> <li>• In case such eventuality of Backdown arises, except for the cases where the Backdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions, the WPG shall be eligible for a Generation Compensation, from the Procurer, in the manner detailed below.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"><b>Duration of Backdown</b></th> <th><b>Provision for Generation Compensation</b></th> </tr> </thead> <tbody> <tr> <td>Hours of Backdown during a monthly billing cycle</td> <td> <p><b>50% x (Average Generation during the month corresponding to the capacity backed down) x PPA Tariff</b></p> <p>Where, Average Generation during the month corresponding to the capacity backed down</p> </td> </tr> </tbody> </table>	<b>Duration of Grid unavailability</b>	<b>Provision for Generation Compensation</b>	Grid unavailability in a contract year as beyond 50 hours in a Contract Year as defined in the PPA	<p><b>Generation Loss = [(Average Generation per hour during the contract year) x (number of hours of grid unavailability during the contract year)]</b></p> <p>Where, Average Generation per hour during the contract year (kWh) = Total generation in the contract year (kWh) ÷ 8766 hours less total hours of grid unavailability in a Contract year</p>	<b>Duration of Backdown</b>	<b>Provision for Generation Compensation</b>	Hours of Backdown during a monthly billing cycle	<p><b>50% x (Average Generation during the month corresponding to the capacity backed down) x PPA Tariff</b></p> <p>Where, Average Generation during the month corresponding to the capacity backed down</p>
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			(kWh) = (CUF during the month) x $\Sigma$ (Backed down capacity in MW x corresponding time of backdown in hours x 1000)
13.	<b>Event of Default and the Consequences thereof</b>	<p><b>1. Generator Event of Default and the consequences thereof:</b></p> <ul style="list-style-type: none"> <li>In the event the generator is unable to commission the plant within the stipulated time period, or fails to supply power in terms of the PPA, or assigns or novates any of its rights or obligations contrary to the terms of the PPA, or repudiates the PPA, or effectuates a change in control or shareholding of its promoters in breach of the provisions of the PPA, or commits any other acts or omissions as laid down in the PPA and is also unable to cure any of the aforesaid within the cure period, as may be provided in the PPA, the generator shall be construed to be in default.</li> <li>Upon being in default, the WPG shall be liable to pay to the Procurer, damages, as detailed in the PPA. The Procurer shall have the right to recover the said damages by way of forfeiture of bank guarantee, if any, without prejudice to resorting to any other legal course or remedy.</li> <li>In addition to the levy of damages as aforesaid, in the event of a default by the WPG, the lenders shall be entitled to exercise their rights of substitution, in accordance with the substitution agreement provided in the PPA and in concurrence with the Procurer.</li> </ul> <p><b>2. Procurer Event of Default and the consequences thereof:</b></p> <ul style="list-style-type: none"> <li>If the Procurer is in default on account of reasons including inter alia failure to pay the monthly and/or supplementary bills within the stipulated time period or repudiation of the PPA, the defaulting Procurer shall, subject to the prior consent of the WPG, novate its part of the PPA to any third party, including its Affiliates within the stipulated period.</li> <li>In the event the aforesaid novation is not acceptable to the WPG, or if no offer of novation is made by the defaulting Procurer within the stipulated period, then the WPG may terminate the PPA and at its discretion require the defaulting Procurer to either (i) takeover the project assets by making a payment of the termination compensation equivalent to the amount of the debt due and the 150% (one hundred and fifty per cent) of the adjusted equity as detailed in the PPA or, (ii) pay to the WPG, damages, equivalent to 6 (six) months, or balance PPA period whichever is less, of charges for its contracted capacity, with the project assets being retained by the WPG.</li> <li>In the event of termination of PPA, any damages or charges payable to the STU/CTU, for the connectivity of the plant, shall be borne by the Procurer.</li> </ul>	
14.	<b>Change in Law</b>	In the event a change in Law results in any adverse financial loss/ gain to the WPG then, in order to ensure that the WPG is placed in the same financial position as it would have been had it not been for the occurrence of the change in Law, the WPG/ Procurer shall be entitled to compensation by the other party, as the case may be, subject to the condition that the quantum and mechanism of compensation payment shall be determined and shall be effective from such date as may be decided by the Appropriate Commission.	
15.	<b>RFS Document</b>	<p><b>1. Bid Responsiveness:</b> The bid shall be evaluated only if it is responsive and satisfies conditions including <i>inter-alia</i>-</p> <ul style="list-style-type: none"> <li>bidder or any of its Affiliates is not a willful defaulter to any lender</li> <li>there is no major litigation pending or threatened against the bidder or any of its Affiliates which are of a nature that could cast a doubt on the ability or the suitability of the bidder to</li> </ul>	

		<p>undertake the project.</p> <p><b>2. Technical Criteria:</b> Cut-off date for meeting the technical criteria should generally be kept as the end date of the financial year that is previous to the financial year in which the bid is being floated.</p> <p><b>3. Financial Criteria:-</b></p> <ul style="list-style-type: none"> <li>• <b>Net-worth:</b> The net-worth requirement should be at least 20% of the Estimated Capital Cost for WPP for the year in which bids are invited. It is clarified that the net-worth to be considered for this clause will be the total net-worth as calculated in accordance with the Companies Act, 2013.</li> <li>• <b>Liquidity:</b> It is necessary that the bidder has sufficient cash flow/ internal accruals/ any bank reference to manage the fund requirements for the project.</li> </ul>												
16.	<b>Quantum of the Earnest Money Deposit (EMD)</b>	Procurer will specify the quantum of the Earnest Money Deposit (EMD) in the form of a bank guarantee, to be furnished by the bidders. The EMD shall stand forfeited in the event of failure of the successful bidder to execute the PPA within the stipulated time period.												
17.	<b>Compliance of FDI Laws by foreign bidders</b>	In case a Foreign Company is selected as the successful bidder, it shall comply with all the laws and provisions related to Foreign Direct Investment in India.												
18.	<b>Indicative Time Table for Bid Process</b>	<p>In the bidding process, a minimum period of 30 (thirty) days shall be allowed between the issuance of RfS documents and the last date of bid submission.</p> <p><b>Time Table for Bid Process</b></p> <table border="1"> <thead> <tr> <th>Event</th> <th>Time from Zero date</th> </tr> </thead> <tbody> <tr> <td>Date of issue of RfS and draft PPA and PSA (if applicable)</td> <td>Zero date</td> </tr> <tr> <td>Bid clarification, conferences, revision of RfS, etc.</td> <td>**</td> </tr> <tr> <td>RfS bid submission</td> <td>30 - 45 days</td> </tr> <tr> <td>Evaluation of bids and issue of Letter of Award</td> <td>75 days</td> </tr> <tr> <td>Signing of PPA</td> <td>105 days</td> </tr> </tbody> </table> <p>** In case of any change in RfS document, the Procurer shall provide Bidders additional time.</p>	Event	Time from Zero date	Date of issue of RfS and draft PPA and PSA (if applicable)	Zero date	Bid clarification, conferences, revision of RfS, etc.	**	RfS bid submission	30 - 45 days	Evaluation of bids and issue of Letter of Award	75 days	Signing of PPA	105 days
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19.	<b>Bank Guarantees</b>	Performance Bank Guarantee (PBG) to be fixed by the Procurer [but not to be more than 5% (five percent) of the Estimated Capital Cost for wind power project for the financial year in which the bids are invited] to be submitted at the time of signing of the PPA. In addition to the other remedies, this PBG can be encashed to recover any damages/dues of the WPG in terms of the PPA.												
20.	<b>Financial Closure</b>	<ul style="list-style-type: none"> <li>• The WPG shall attain the financial closure in terms of the PPA, within 7 (seven) months from the date of execution of the Power Purchase Agreement.</li> <li>• Failing the aforesaid, the Procurer shall encash the PBG unless the delay is on account of force majeure.</li> </ul>												
21.	<b>Minimum Paid Up share Capital to be Held by the Promoter</b>	<ul style="list-style-type: none"> <li>• The successful bidder, if being a single company, shall ensure that its shareholding in the SPV/project company executing the PPA shall not fall below 51% at any time prior to 1 (one) year from the COD (as defined in Clause 17), except with the prior approval of the Procurer.</li> <li>• In the event the successful bidder is a consortium, then the combined shareholding of the consortium members in the SPV/project company executing the PPA, shall not fall below 51% at</li> </ul>												

		<p>anytime prior to 1 (one) year from the COD, except with the prior approval of the Procurer.</p> <ul style="list-style-type: none"> <li>In the event the WPG is in default to the lender(s), lenders shall be entitled to undertake '<b>Substitution of Promoter</b>' in concurrence with the Procurers.</li> </ul>
22.	<b>Commissioning</b>	<ul style="list-style-type: none"> <li><b>Part commissioning</b> : Part commissioning of the Project shall be accepted by Procurer subject to the condition that the minimum capacity for acceptance of first part commissioning shall be 50% of Project Capacity or 50 MW, whichever is lower, without prejudice to the imposition of penalty, in terms of the PPA on the part which is not commissioned. However, in case of inter-state project, minimum capacity for acceptance of first part commissioning shall be at least 50 MW. A project of capacity 100 MW or less can be commissioned in maximum two parts.</li> <li><b>Early Commissioning</b> : The WPG shall be permitted for full commissioning as well as part commissioning of the Project even prior to the SCD subject to availability of transmission connectivity and Long-Term Access (LTA). In cases of early part commissioning, the Procurer may purchase the generation, at the PPA tariff.</li> <li><b>Commissioning Schedule</b> : The Projects shall be commissioned by the Scheduled Commissioning Date (SCD), which will be the date as on 18 (eighteen) months from the date of execution of the PPA or PSA, whichever is later. However, if for some reasons, the scheduled commissioning period needs to be kept higher than that provided in these Guidelines, the Procurer can do the same at his end. Delay in commissioning, beyond the SCD shall involve penalties on the WPG, as detailed out in PPA.</li> </ul>
23.	<b>Transmission Connectivity</b>	<ul style="list-style-type: none"> <li>The WPP shall be designed for inter-connection with STU / CTU substation either directly or from pooling station where other projects also connected, through a dedicated transmission line at the appropriate voltage level, as may be specified by the Procurer.</li> <li>The Inter-connection/ Metering Point, is the point at which energy supplied to the Procurer shall be measured, shall be the bus bar of the STU / CTU substation at which the wind power is injected in the transmission system of STU/CTU. For interconnection with grid and metering, the WPGs shall abide by applicable Grid Code, Grid Connectivity Standards, Regulations on Communication System for transmission of electricity and other regulations (as amended from time to time) issued by Appropriate Commission and CEA.</li> <li>The WPGs shall comply CERC/SERC regulations on Forecasting, Scheduling and Deviation Settlement, as applicable and are responsible for all liabilities related to LTA and Connectivity.</li> </ul>
24.	<b>Technical Specifications</b>	<p>In order to ensure quality of wind turbines installed, only type certified wind turbine models listed in Revised List of Models and Manufactures (RLMM) brought out by MNRE from time to time, will be allowed for deployment in the country. The wind projects will be developed as per Guidelines issued by MNRE on Development of Onshore Wind Power Projects.</p>
25.	<b>Deviation from Process Defined in the Guidelines</b>	<p>In case there is any deviation from these Guidelines and/or the SBDs, the same shall be subject to approval by the Appropriate Commission. The Appropriate Commission shall approve or require modification to the bid documents within a reasonable time not exceeding 60 (sixty) days.</p>
26.	<b>Arbitration</b>	<p>In the event CERC is the Appropriate Commission, any dispute arises claiming any change in or regarding determination of the tariff or any tariff related matters, or which partly or wholly could result in change in tariff, such dispute shall be adjudicated by the CERC.</p>