



सत्यमेव जयते

No. A-3/2015-IPC (Vol-II)
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg
New Delhi, dated 01.03.2018

OFFICE MEMORANDUM

Sub: Amendment to Mega Power policy 2009 for Provisional Mega Power projects-reg.

The undersigned is directed to refer to Ministry of Power OM of even number dated 21.09.2017 on the above mentioned subject. In this regard it is stated that the Mechanism for Operationalization of the release of proportionate Bank Guarantees/FDRs for Provisional Mega Power Projects has been further amended and the same is being forwarded as per Annexure-I.

2. This issues with the approval of Secretary (Power).

Encl: As stated

(S. Majumdar)

Under Secretary to the Govt. of India
Tel: 23356938

To,

- I. Secretary, Department of Revenue, Ministry of Finance, North Block, New Delhi.
- II. Chairperson, CEA, Sewa Bhawan, R.K. Puram, New Delhi

Copy to:

Director (NIC), MoP (for uploading the same on the web portal of Ministry of Power)

o/c
Issued
11/3/18

Mechanism for Operationalization of the release of proportionate Bank Guarantees/FDRs for Provisional Mega Power Projects

- I. CCEA in its meeting dated 31.03.2017 has approved the following:
 - I. The time period for the provisional Mega projects (25 projects), for furnishing the final Mega certificates to the Tax authorities be extended to 120 months instead of 60 months from the date of import. Developers would be required to keep their Fixed Deposit Receipt (FDR) or Bank Guarantee (in lieu of the duty exemption claimed) alive.
 - II. The 25 provisional mega certified project may be considered for Mega Policy benefits in proportion to the long term PPA tied up, as permitted under the Mega Power Policy, once the specified threshold capacity of the project, gets commissioned. However, the money realized by the developer, if any, as a result of release of proportionate Bank Guarantee would first be utilized towards the repayment of the Bank dues by the developer. A suitable mechanism may be worked in consultation with Department of Revenue for operationalization of the release of proportionate Bank Guarantee.

- II. In this regard, mechanism to be adopted for operationalization of the release of proportionate Bank Guarantee may be a four stage process:
 - a. Receiving of Application in Ministry of Power
 - b. Checking eligibility and making recommendation by CEA
 - c. Issuance of proportionate Mega Certificate by Ministry of Power
 - d. Release of proportionate benefits by Dept. of Revenue.

- III. Detailed mechanism is as follows:

Stage 1: Receiving of Application in Ministry of Power

- i. The eligible projects will submit their request (in duplicate) to Joint Secretary (Thermal), Ministry of Power.
- ii. The request will also be accompanied with the details about the PPAs, commissioning of units etc. as per Annexure -I.
- iii. The request letter should also provide details of Trust and Retention Account (TRA) of the project (to be certified by the Lead bank of the project) wherein the released money would be deposited.
- iv. Along with the request, the project developer shall also provide an Undertaking as below, on an appropriate non-judicial stamp paper (also to be vetted/countersigned by the Lead Bank of the project):

“The Project proponent hereby irrevocably and unconditionally undertakes and confirms that the monies in any form released as a result of realization of Mega Power Policy Benefits including release of margin/collateral monies in relation to bank guarantee (s)/ fixed deposit

(s), in part or full, against the proportional Mega Power certificate shall be remitted to the designated Project Trust & Retention Account No. _____ and such monies shall be utilized to reduce the debt availed from the financial institutions/banks in relation to the Project or in any other purposes envisaged in the Project Trust & Retention Account Agreement as decided by the lenders."

- v. The request will be forwarded to CEA for examination and scrutiny.

Stage 2: Checking eligibility and making recommendation by CEA:

- a. Request would be examined by CEA as per the approved Mega Power Policy. For Provisional Mega certified projects having commissioned Threshold capacity as per Mega power Policy dated 14.12.2009, CEA would recommend Mega power benefits to be released in proportion to the quantum of valid long term PPA signed with Distribution companies/Utilities as per Ministry of Power OM No. A-3/2015-IPC dated 12.04.2017.
- b. CEA would verify the validity of PPAs from the respective state DISCOMS/ Designated Authority.
- c. Proportionate Mega Power benefits can be calculated as under:
- I. **For project where PPA has to be signed for 85% of the Capacity:**
Mega Benefits to be released = Capacity of PPA signed/85% of Installed or net* Capacity.
- II. **For projects where PPA has to be signed for 100% capacity (35% + 65%):**
Mega Benefits to be released = Capacity of PPA signed / Installed or net* Capacity.
**If the PPAs are signed on net capacity basis, then
Net capacity = Installed capacity – Aux. Consumption (actual or CERC norms whichever is less)*
- d. After scrutiny of the proposal, CEA will send a recommendation to Ministry of Power for issuance of proportionate Mega certificate, which will include the verification done by CEA of the PPAs and the adoption/ determination letters submitted by the project.

Stage 3: Issuance of proportionate Mega Certificate by Ministry of Power

After receipt of CEA's recommendation, Joint Secretary (Thermal), Ministry of Power will issue the proportionate mega certificate to the project as per certificate attached at Annexure-II. The certificate shall be accompanied with developer's

