



NATIONAL SOLAR ENERGY FEDERATION OF INDIA

Regd. No. 362 / IV of 8 May, 2013

भारतीय सौर ऊर्जा महासंघ

पंजीकरण नं 362 / IV - 8 मई, 2013

Ref: NSEFI/MNRE/2020-21/120

Date: 17.11.2020

To,

**Shri Indu Shekhar Chaturvedi, IAS
Secretary,
Ministry of New & Renewable Energy,
Government of India
Lodhi Road, New Delhi-110 003**

Subject: Release of Performance Bank Guarantee ("PBG") and non-applicability of Earnest Money Deposit ("EMD") in future tenders in accordance with MoF OMs dated 12.11.2020

Reference:

- i. Office Memorandum on Performance Security by Ministry of Finance ("MoF") dated 12.11.2020
- ii. Office Memorandum on EMD by Ministry of Finance ("MoF") dated 12.11.2020

Respected Sir,

At the outset, we thank the Ministry of New and Renewable Energy ("MNRE") for consistently taking initiative towards promotion of renewable energy generation in the country. MNRE has always been cooperative in addressing the bottlenecks of the Renewable sector from time to time.

We are writing with reference to the contracts/PPAs executed between Solar Power Developers ("SPDs") and SECI for supply of solar power pursuant to competitive bidding. As per the provisions of the bidding documents and contract, SPDs have submitted a Performance Security of Rs. 20 Lakhs/MW to SECI which is approx. 5% of the contract value/project cost. Also, bidders are required to furnish a bid security/EMD of Rs. 04 Lakhs/MW at the time of bid submission.

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We would like to inform you that MoF has issued office Memorandums (“**MoF OMs**”) dated 12.11.2020 as mentioned under references vide which following directions are passed:

- i. The performance security amount has been reduced from 5-10% to 3% of the value of the contract. This shall be applicable to all the existing contracts/tenders concluded till 31.12.2021. Also, the reduced percentage of the said Performance Security shall continue for the entire duration of the contract and shall not increase beyond 31.12.2021. The relevant excerpt of MoF OM is reproduced below for your ready references:

“3. In view of all above, it is decided to reduce Performance Security from existing 5-10% to 3% of the value of the contract for all existing contracts..

5. In all contracts where Performance Security has been reduced to 3% in view of above stipulations, the reduced percentage of Performance Security shall continue for the entire duration of the contract and there should be no subsequent increase of Performance Security even beyond 31.12.2021”

- ii. All future tenders shall not have any provision on bid security or EMD and shall only have Bid Security Declaration provision in all future tenders. The relevant provision of MOF OM is reproduced below:

“4. In view of above, it is reiterated that notwithstanding anything contained in Rule 171 of GFRs 2017 or any other Rule or any provision contained in the Procurement Manuals, no provisions regarding Bid Security should be kept in the Bid Documents in future and only provision for Bid Security Declaration should be kept in the Bid Documents”

Therefore, in accordance with the provisions of above MoF OMs, we request you to kindly issue appropriate directions to SECI on following:

- i. **Performance Security of 3% of contract value/project cost or lower shall be applicable in all the PPAs executed prior to 31.12.2021:** It is much relevant to mention here that SECI has reduced the performance security amount from Rs. 20 lakhs/MW to Rs. 8 lakhs/MW

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in its recent tenders i.e. from 5% to 3% or lower. Therefore, SECI should return the Performance Security submitted by SPDs to the extent of Rs.12 lakhs/MW for all the PPAs executed prior to 31.12.2021, in accordance with MoF OM.

- ii. **Non-Applicability of EMD in future tenders or tenders who bid submission is due:** All future tenders or tenders whose bid submission is due, shall not contain any provision of bid security or EMD, in accordance with MoF OM.

Thank you for your consideration. Looking forward to a positive response from your side.

With regards,

Subrahmanyam Pulipaka
Chief Executive Officer
National Solar Energy Federation of India

Copy:

1. Mr. Jatindra Nath Swain, MD, Solar Energy Corporation of India.
2. Mr. Gurdeep Singh, CMD, NTPC Limited.
3. Mr. Abhay Kumar Singh, CMD, NHPC Limited.

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