



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

Pranav R Mehta
Chairman

Ref. NSEFI/MoP/2020-21/544

Date: 26.03.2021

To,

Shri Raj Kumar Singh
Hon'ble Minister (IC) – Power and NRE
Government of India

Sub: Request for blanket extension of three months in Financial Closure and SCoD of solar power projects and delayed BCD implementation from July'22.

Reference: NSEFI Representation NSEFI/MNRE/2020-21/335 to MNRE Dt. 11.02.21

Hon'ble Shri Raj Kumar Singh Ji,

National Solar Energy Federation of India (NSEFI) is a non-profit organization with the objective of Renewable power development. It is an umbrella organization representing Renewable energy companies active along the whole photovoltaic value chain: project developers, manufacturers, engineering companies, financing institutions and other stakeholders. NSEFI is founded in 2013 by solar energy industry leaders with the vision to promote solar energy, NSEFI is a public trust based in New Delhi. Our Members have executed Solar as well as Wind power projects across the country, under the State and Central Schemes across India.

At the outset we would like to commend Ministry of Power under your leadership in driving India's renewable energy growth, even during the difficult time of Covid-19 the impact on Renewable industry were limited with government's excessive efforts.

We are writing to you for highlighting current major challenge hindering project completion of developers.

- 1. Abrupt increase in Prices (Modules and Structures):** We would like to bring to your kind attention in the abrupt increase in prices of metals and alloys that are used in Solar PV plants, pitting tremendous cost pressures on under-construction projects. Since, you are aware that the solar modules are the main machinery of any solar power plant, and account for around 60% of the total Capital Expenditure (CAPEX), and module mounting structures (MMS) also making up 8% of the costs. The increase in demand globally, for the use of better technology giving higher efficiency, and with industry's movement with increased choice for larger panels have also added to the shortage of supply in the glass-processing capacity. Moreover, supply chain disruptions due to pandemic impacted the module imports as most of the PV manufacturers are currently consolidated in few countries like China, Vietnam, and Taiwan etc. The abrupt prices of modules coupled with the scarcity of raw materials with price volatility is eroding the thin margins, further causing revenue losses under the existing contracts, if increased further.



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2. **Active COVID Wave** - Owing to the continued rise in COVID-19 cases and a re-surge in many parts of the country, solar power projects continue to face implementation issues due to the absence of Government officials, lockdowns, slow processes due to understaffed office being overly busy and pre-occupied with pending works. This has resulted in projects delays which requires seeking approvals permission related to land approval, registration, connectivity related permissions from STU/CTU etc. for project commissioning. Given the surge, availability of manpower, managing supply chain logistics etc is becoming a severe challenge, akin to the first wave.

Since the solar industry is already bearing the delayed deliveries, delayed BIS approvals, due to either COVID induced slowdowns or from sudden rise in prices of raw materials leading to financial hardships for developers. Further, as you are aware that covid cases are on rise, reaching to around 50,000 cases per day, is also putting manpower availability constrains reflecting safety concerns for employees.

The aforementioned factors are going to impact the ongoing projects very harshly and they will either lead to heavy liquidated damages to be paid by the developer on account of delayed project completion, or non-release of funds by financial institutions in absence of Financial Closure(FC) leading to extreme financial losses even for established player or is expected to plague the thin margins of these projects, hence it raises an urgent need to control the prices of steel and other non-ferrous materials through appropriate intervention.

On account of aforementioned issues being raised by the NSEFI members we hereby request you to consider the following requests from NSEFI members

- We request you to provide a blanket extension of 3 months over Scheduled Commissioning date (SCOD) and for Financial Closure (FC) in addition to the 5 months as provided earlier, on the execution of the current projects until a stability in module prices and steel prices being observed.
- Keeping in view the market volatility and supply chain constraints including the shortage of solar glass and increasing costs of poly-silicon, we would also request you to provide a 3-month extension over the Basic Customs Duty (BCD) implementation, delaying it till July'22.

Apprehending to aforementioned requests as described, we would heartly request the good office of the Hon'ble minister to take necessary actions at the earliest in this regard.

Assuring you of our best attention at all times.

With Best Regards



Pranav R Mehta
Chairman
National Solar Energy Federation of India