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**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/MoP/2021-22/0220

Date: 09.02.2022

To,

Shri Raj Kumar Singh
Hon'ble Minister
Ministry of Power and New & Renewable Energy, GoI
Rafi Marg, Shram Shakti Bhawan, New Delhi 110001

Subject: Adverse Impact on Projects upto 10GW if Grandfathering of BCD on Solar modules is not extended.

Hon'ble Shri R.K. Singh Ji,

National Solar Energy Federation of India (NSEFI) is a non-profit organization with the objective of solar power development. It is an umbrella organization representing solar energy companies active along the whole photovoltaic value chain: project developers, manufacturers, engineering companies, financing institutions and other stakeholders. NSEFI was founded in 2013 by solar energy industry leaders with the vision to promote solar energy.

At the outset we welcome the ministry's support to Indian Solar Industry. As you are aware that BCD on cells and modules will be applicable starting 1 April'22 and we are thankful to the ministry for providing clarity to developers on the duty imposition in advance. However, as the effective levy of BCD will be implemented from April 2022, with applicability on all the projects which were awarded prior to March 09, 2021. The present recommendation of imposition of Basic Customs Duty (BCD) hike from 1st April'2022 is a serious jolt to solar developers which were awarded projects before issuance of MNRE OM dt. 09th March'2021.

However, it is to be noted that many projects were awarded prior the above referred OM issuance and a number of projects were scheduled to achieve Commercial Operation Date (COD) prior to the coming into effect of the OM, i.e. up to March 31, 2022. We would like to highlight that owing to the Covid-19 pandemic and the delay due to the order of the Hon'ble Supreme Court Order (GIB Order) dated 19.04.2021 the SCD of these got delayed beyond March 31, 2022.

Currently, projects with a capacity of upto 10GW_{AC} will be impacted adversely, if they are not grandfathered. Additionally, the incremental cost under change in law compensation will burden the end consumer with at least Rs. 0.30- and reaching to Rs. 0.50 per KWh with use of imported cells and modules for these specific projects.

Such incremental costs will have an adverse impact on the perception of the renewable energy industry which is seen as a cost-effective alternative to the conventional sources of energy.

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