

electrolyser value chain. For this purpose, to be eligible for incentives, the bidder would have to demonstrate certain minimum Local Value Addition (LVA) for each year of production of electrolyzers as per the following table:

For Alkaline Electrolyzers:

Year of production	1st	2nd	3rd	4th	5th
Minimum LVA	40%	50%	60%	70%	80%

For Proton Exchange Membrane/Solid Oxide Electrolyser/Anion Exchange Membrane Electrolyzers:

Year of production	1st	2nd	3rd	4th	5th
Minimum LVA	30%	40%	50%	60%	70%

ii. The percentage of Local Value Addition will be calculated as follows:

$$LVA = \left[ \frac{[(\text{Sale Value of Electrolyser}) - (\text{Value of imports})]}{\text{Sale Value of Electrolyser}} \right] \times 100\%$$

For this purpose:

- Sale Value of Electrolyser is the Sale value of Electrolyser as per GST invoice excluding net domestic indirect taxes and returns.
- Value of imports is the Value of direct and indirect imported materials and services (including all Customs Duty) as per Bill of Entry filed in Customs, used in manufacturing of electrolyser.
- Verification of Local Value Addition (LVA) will be carried out on an annual basis. For the purpose of determination of LVA, weighted average LVA for the completesales in a given year shall be certified by Statutory Auditor.

### 5.3.3 LVA Factor

Further, an LVA factor would be defined as follows:

For Alkaline Electrolyzers:

LVA%	LVA < 40%	40% ≤ LVA < 50%	50 ≤ LVA < 60%	60 ≤ LVA < 70%	70 ≤ LVA < 80%	80 ≤ LVA ≤ 90%	LVA > 90%
LVA Factor	0	0.4	0.5	0.6	0.7	0.8	1.0

For PEM/SOEC/AEM Electrolysers:

LVA%	LVA < 30%	30% ≤ LVA < 40%	40% ≤ LVA < 50%	50 ≤ LVA < 60%	60 ≤ LVA < 70%	70 ≤ LVA ≤ 80%	LVA > 80%
LVA Factor	0	0.4	0.5	0.6	0.7	0.8	1.0

#### 5.3.4 Bid Process:

MNRE, through Solar Energy Corporation of India (SECI), will invite bids for competitive selection. Successful bidders will be eligible to access the incentives as detailed in this document.

The bidders will be required to quote the following:

- Annual Manufacturing capacity for which incentive is sought.
- Committed Specific Energy Consumption (SEC) of the electrolyser produced each year for the 5-year period.
- Committed Local Value Addition (LVA) on an annual basis for 5 years.

#### 5.3.5 Bid Selection Parameter:

The selection parameter will be calculated as the sum of products of the quoted LVA factor and Performance quotient over the 5-year period

$$\text{Selection Parameter} = \sum_{i=1}^5 (\text{LVA factor} \times \text{Performance Quotient})$$

#### 5.3.6 Selection Process:

- The bidders will be ranked in the decreasing order of the Selection Parameter for allocation of the admissible bid capacity.
- In case of a tie in the Selection parameter, the selection will be based on the average Performance quotient over the 5-year period.
- In case two or more bids have the exact same selection parameter, such tied bids will be prioritized based on bid capacity and if bid capacities are also the same then such tied bidders will be given the same ranking and allotted manufacturing capacity accordingly.

### 5.3.7 Eligibility for bidding

- i. The bidder can be a single company or a Joint Venture/ Consortium of more than one company.
- ii. The Net Worth of the Bidder, as on the last date of Financial Year as specified in the tender document should be equal to or greater than ₹ 1 crore per MW of quoted manufacturing capacity. The Bidder may seek qualification based on financial capability of its Affiliate(s) for the purpose of meeting the qualification requirements.
- iii. The beneficiary will have to demonstrate minimum 50% of annual sales of electrolysers for installation of projects in India
- iv. The electrolysers manufactured by the bidders must fulfill the following requirements:
  - a. Specific Energy Consumption (SEC) to be equal to or less than 56 kWh per kg of Hydrogen production. For this purpose, the SEC shall be measured at 100% rated capacity at the stack level on DC side. The SEC values will need to be demonstrated at or prior to commissioning of the electrolyser as per the detailed procedure to be specified in RfP.
  - b. Guaranteed Life of electrolyser to be at least 60,000 hrs.
  - c. Minimum 40% Local Value Addition (LVA) during first year of production for Alkaline electrolysers and minimum 30% for other technologies.

### 5.3.8 Separate bucket to encourage indigenous technologies

In order to promote indigenously developed electrolyser technologies, bids in the first tranche of 1500 MW will be called in two separate buckets as follows:

Bucket 1: Electrolyser manufacturing capacity based on any stack technology	Bucket 2: Electrolyser manufacturing capacity based on indigenously developed stack technology
1200 MW	300 MW

### 5.3.9 Capacity Allocation

- i. The capacity available for bidding under the first tranche of Mode I is 1500 MW.
- ii. Under "Electrolyser manufacturing capacity based on any stack technology" - The maximum capacity that can be allotted to a single bidder will be 300 MW. The minimum capacity that can be bid for shall not be less than 100 MW.
- iii. Under "Electrolyser manufacturing capacity based on indigenously developed stack technology" - The maximum capacity that can be allotted to a single bidder will be 300 MW.
- iv. The bidders can bid for either or both buckets. The bids for the "Electrolyser manufacturing capacity based on any stack technology" bucket will be decided first, followed by the bids for the "Electrolyser manufacturing capacity based on indigenously developed stack technology" bucket. However, the

maximum capacity that can be allotted to a single bidder is limited to 300 MW.

- v. Bidders who have been awarded capacity in Bucket I will be considered for the indigenously developed stack technology for balance capacity only if capacity awarded in Bucket I is less than 300 MW.
- vi. Any unallocated capacity under any tranche would be shifted to the subsequent tranche.

## 5.4 Payment of incentives to successful bidders

### 5.4.1 Base Incentive:

The base incentive available in each year will be as per a defined tapering trajectory, which is as follows:

Year of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Base Incentive Available (₹/kW)	4440	3700	2960	2220	1480

### 5.4.2 Electrolyser Sales Volume:

The quantum of electrolyser sales eligible for incentives in a given financial year would be the allocated capacity or Net sales of electrolysers (in kW), whichever is lower. For availing the incentive, the criteria, as specified in Section 5.3.7 (iii) and (iv) should be met.

### 5.4.3 Calculation of incentive payout

The incentive for each successful bidder for a particular year will be calculated as follows:

$$(\text{incentive})_i = (\text{Electrolyser Sales Volume})_i \times (\text{Quoted Base Support rate})_i \times (\text{Performance Multiplier})_i \times (\text{Domestic Value Addition})_i$$

Where,

Electrolyser Sales Volume: Net sales of electrolysers for the year (in kW) as defined in 5.4.2

Quoted Base Support Rate: Base incentive for year "i" as specified in table in 5.4.1 (in Rs./kW)