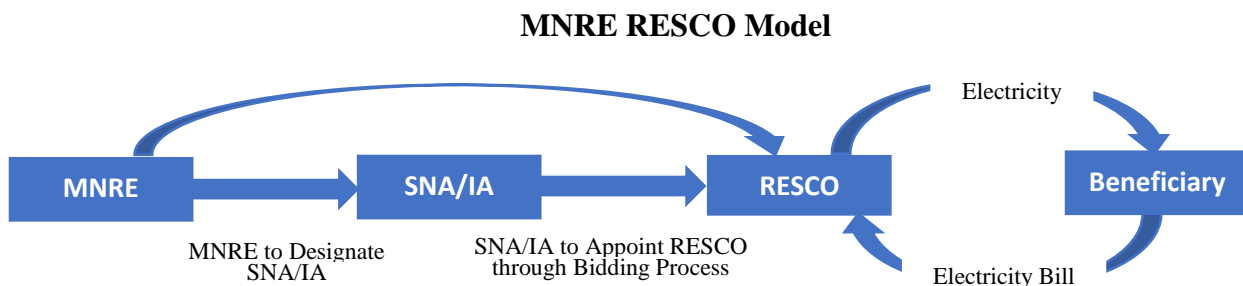


## MNRE: Draft Guidelines for Implementation of Off-Grid Solar Power Plants in RESCO model under MNRE Programme

The Ministry of New and Renewable Energy (MNRE) on 18<sup>th</sup> May, 2020 released draft guidelines for implementation of off-grid solar power plants under RESCO model. Key highlights are given below:

- ❖ The scheme is applicable only for North-eastern States and extended till 31 Mar, 2021.
- ❖ Off-grid solar power plants up to 25 kWp can be installed in areas without or unreliable electricity access.
- ❖ Vendor will install and operate project up to 10 kW (above 10 kW) for atleast 10 (15) years.
- ❖ RESCO will sign PPA with power purchaser (beneficiary), who will supply daily min. guaranteed power to the beneficiary, who in-turn will pay for the electricity used on a monthly basis.
- ❖ Two types of systems are proposed: Isolated off-grid systems and Grid connected system (including net metering).
- ❖ Upfront payment of 90% CFA after successful commissioning, or 50% CFA at commissioning and rest at the end of 5 years.
- ❖ The company needs to submit bank guarantee for an amount equivalent to 50% of the eligible MNRE CFA.
- ❖ State Nodal Agency (SNA)/Implementing agency (IA) will select RESCO through competitive bidding.
- ❖ If subsidy is paid upfront, tariff will be 5.96/kWh. Tariff would be 9.55/kWh, if 50% subsidy is paid upfront and rest after completion of 5 years.
- ❖ Projects to have remote monitoring systems accessible to implementing agency and MNRE.



The MNRE Document can be accessed [here](#).

**CER Opinion:**

- ❖ The guidelines should provide a framework to identify the size/number of such projects from a list of pre-identified districts having under electrified/unreliable supply.
- ❖ A transparent and fair process for the '**Swiss Challenge**' approach, which allows for identification for prospective sites by a developer, may be adopted for procurement under this scheme.
- ❖ To reduce risk for developers and to enhance competition, numerous small project sites can be identified and bundled, thus, enhancing economies of scale for investment.
- ❖ The data captured from remote monitoring system (block-wise energy generated, consumed and injected to the grid), along with basic technical parameters like installed capacity, panel/module efficiency, storage capacity, source of funding and location should be publicly available through MNRE/dedicated portal for enabling research thereof.
- ❖ The implementing agency should make the quarterly reports, incorporating details such as generation profile, consumption, etc., publicly available through the above mentioned portal.
- ❖ To safeguard against future operational risk, proposed upfront CFA of 90% at time of commissioning should be limited to 70%, and the remaining be sanctioned in equal installments of 10% each.
- ❖ Given that benchmark cost of MNRE are often significantly higher than the dynamically changing market costs, investors while anticipating 90% CFA a lucrative offer, might be willing to participate even at negative bids. Therefore, the competitive bidding must account for such cases to deter any gaming by the bidders/investors.