

Summary

MoP (Tariff based competitive bidding guidelines for procurement of storage capacity/stored energy from Pumped Storage Plants), 2024 [Draft]

The National Framework for Promotion of Energy Storage Systems (ESS) 2023 aims to facilitate India's transition to renewable energy sources by addressing the challenges posed by their variability. ESS, such as Pumped Storage Plants (PSP) and Battery Energy Storage Systems (BESS), are crucial for grid stability and peak shifting. These guidelines aim to promote the development of PSPs and provide a transparent procurement framework based on open competitive bidding to ensure their efficient integration into India's energy grid.

These guidelines are issued **under Section 63** of the Electricity Act, 2003, for the procurement of stored energy/storage capacity from Pumped Storage Plants (PSPs) through competitive bidding. They are **applicable** to developers, procurers (end procurers or intermediary procurers), and for the procurement of capacity or energy by the procurers from existing, under-construction, or new PSP projects.

The document can be accessed [here](#).

Further, all important definitions are defined including procurer, purchase

The Procurer shall prepare the bid documents in accordance with these guidelines, including the Standard Bid Documents. The Procurer shall invite bidders to participate in the procurement bidding i.e. **Request for Selection (RfS)**, with technical and financial eligibility criteria specified in the tender documents. The Procurer may specify the project site, but if not, the Developer is free to choose their own. The RfS shall outline the responsibilities of each party regarding necessary clearances, permits, licenses, and land arrangements, including milestones and penalties for non-compliance.

The Procurer shall conduct a **single-stage, two-part bidding process through electronic mode**. The technical bid shall be opened first, and the financial bids of only qualified bidders will be opened. The Procurer may conduct an e-reverse auction for selection. The Procurer shall publish the RfS notice and provide opportunity for a pre-bid conference. Any clarifications or revisions will be uploaded on the Procurer's website, and bidders will have at least 7 days to submit bids.

The bidding parameter shall be a **Tariff Based Competitive Bidding** process. The Tariff shall be quoted at the specified delivery point. The **minimum bid capacity** shall be as specified in the Special Conditions of Bid. The Procurer may define the **maximum capacity** allotted to a single bidder, considering various factors. The Procurer may allow the Developer to set up a higher capacity in Mode-I projects, with the Procurer having the first right of refusal to contract the **additional capacity**.

The bid will only be evaluated if it is responsive and satisfies the following conditions: the bidder or any of its affiliates should not be a wilful defaulter to any lender, and the bidder, its affiliates, consortium members, and their directors should not have been barred by any government agency or authority in India or the relevant jurisdictions.

The guidelines allow for consortium formation, with a lead member designated as the contact point. Eligible bidders include companies under the Companies Act, 2013, foreign companies, SEBI-registered Alternative Investment Funds (AIFs), and consortia of these entities. The Procurer may specify additional technical eligibility criteria. **Financial eligibility criteria**

include net-worth/AUM requirements, liquidity, and leveraging affiliate credentials. The applicable Goods and Services Tax (GST) will be payable in the case of the tolling tariff model.

The Procurer shall specify the Technical Requirements in the Bid Documents. The Procurer will encourage the use of proven and operational technologies. The **Developer shall provide the following instruments to the Procurer:** Earnest Money Deposit (EMD) and Performance Bank Guarantee (PBG). The Procurer will fix the quantum of the EMD and PBG. The EMD shall be submitted in the form of a bank guarantee, payment on order instrument, insurance surety bond, or any other approved instrument. The PBG shall be submitted at the time of signing of the PPA in the form of a bank guarantee, payment on order instrument, insurance surety bond, or any other approved instrument. The PBG can be encashed to recover any damages/dues of the generator in terms of the PPA. The PBG will be returned to the Developer within 'D' days of the Actual Commencement of Supply Date (ACSD) of the full contracted capacity. The Procurer/Intermediary Procurer may allow the Developer to replace the bank guarantee with a Payment on Order Instrument. Foreign companies selected as successful bidders shall comply with all the laws and provisions related to Foreign Direct Investment in India.

- Bidders may be required to submit a non-refundable processing fee and/or success fee and shall submit separate technical and price bids, and furnish necessary Bid-guarantee. Which is to be evaluated through an evaluation committee (Procurer).
- The technical bids shall be evaluated against eligibility criteria in the RfS
- Price bids will be rejected if they deviate from bid conditions. Bid Evaluation will be carried out based on parameters in the RfS, ranking bids in ascending order of the Bidding Parameter.
- The detailed procedure for bid evaluation and selection will be provided in the RfS (minimum two bids are required). After the bidding process, the Evaluation Committee will critically evaluate the bids and certify conformity with the Guidelines.

Mode of Procurement:

Mode 1	Mode 2
Procurer identifies site, BOOT basis for 25-40 years.	Bidder identifies site or existing PSP, FOO basis for 15-25 years.
Procurer issues Detailed Project Report (DPR).	PSP Developer obtains statutory clearances.
Procurer forms a Special Vehicle (SPV) for pre-feasibility activities.	Procurer not responsible for clearance delays.
	Selected bidders submit approved DPR before PPA signing.

Timeline Indicators

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1	Date of issue of Bid Documents	Zero date	Zero date

2	Pre-bid conference, Bid Clarifications, opening of online Data Room to share project specific details including site* , if specified by		
	the Procurer etc., and revision of RfS document		
3	Bid submission	90 days	60 days
i4	Evaluation of Technical bids	120 days	90 days
5	Evaluation of Financial bids and conduct of e-RA	150 days	120 days
6	Issuance of Letter of Award/ Signing of Share purchase agreement of SPV	175 days	145 days
7	Signing of PPA and PSA (if applicable)	190 days	160 days

Bidding Parameters:

- Storage charge
- Storage charge with VGF/Annuity support
- Composite Tariff

Minimum Bid Capacity:

- Varies based on project location
- May be specified differently in the RfS document

Technical Eligibility Criteria:

- Applicants must have experience in developing infrastructure projects within the past 5 years.
- Must meet specified minimum aggregate and per-project capital expenditure.

Financial Eligibility Criteria:

- Net-worth equivalent of at least 20% of the estimated capital cost.

Earnest Money Deposit (EMD):

- Minimum of 2% of estimated capital cost.
- Released within 15 days for non-selected bidders.

Performance Bank Guarantee (PBG):

- Minimum of 5% of estimated capital cost.
- Timeline 'D' is 60 days, 'M' is 6 months.

Part C: General conditions of Contract

PPA and PSA:

- The PPA will be signed with the successful bidder or its SPV.
- The Procurer will sign the PPA with the successful Bidder/Project Company or SPV.
- In case of an Intermediary Procurer, a PPA with the Developer(s) and a PSA with the End Procurer(s) will be signed.
- The PSA will contain provisions to enable back-to-back contracting of stored energy/storage capacity.
- PPAs should be signed immediately after PSAs.

- The Intermediary Procurer can charge a trading margin.
- Centralized power procurement entities will be considered Procurers, not Intermediary Procurers.

PPA Delays and Cancellations:

- If the PPA is not signed within six months (or a mutually agreed extension), the awarded capacity may be canceled.
- If cumulative capacity is lower than awarded capacity, further action will be decided by the Bidding Agency.

Transparency and Public Disclosure:

- The Procurer shall publicly disclose the name(s) of the successful bidder(s) and their tariff/charges.
- Public disclosure will be made on the Procurer's website for 30 days.

Tariff Adoption and Approval:

- The Procurer or Intermediary Procurer shall approach the Appropriate Commission for tariff adoption within 15 days.
- The Appropriate Commission shall adopt the tariff within 60 days or 120 days from the Effective Date of the PPA.
- If the Appropriate Commission delays, the Procurer(s) shall grant an extension of time to the Developer.

PPA Standard Provisions:

- The PPA shall include standard provisions, which will be mirrored in the PSA, unless otherwise specified.

Term of the PPA:

- The term will be determined by the procurer based on plant usage and specified in the RfS.
- After the PPA expires, the Developer can continue operating the Project.
- If the Procurer designates the project site, their land arrangement responsibility is limited to the PPA period.

Performance Parameters and Liquidated Damages:

- Performance parameters and other conditions are specified in the Special Conditions of Contract.
- Liquidated Damages are imposed for shortfall in meeting performance criteria.
- Shortfall in availability of capacity incurs charges on a pro-rata basis.
- Predefined liquidated damages are imposed for deviations in ancillary services parameters.
- Other Liquidated Damages are specified in the Special Conditions of Contract and RfS Document.

Terms of Procurement:

- Penalty for non-performance is specified in the RfS.
- Scheduling and punching are the Developer's responsibility.
- Additional terms are specified in the Special Conditions of Contract.

Deviation Settlement Mechanism (DSM):

- DSM is applicable as per prevailing regulations for schedule deviations.
- DSM charges are settled by the Developer at the Project end.

Financial Closure:

- Financial Closure must be achieved within the specified period from the Date of Signing of the PPA.
- Delays in Financial Closure may lead to encashing of the Performance Bank Guarantee/POI, unless due to government-related reasons or Force Majeure.
- Extensions for financial closure may be considered with payment of extension charges.
- Delays in tariff adoption by the Appropriate Commission extend the financial closure deadline.

Transmission Connectivity:

- The Developer is responsible for obtaining Transmission Connectivity to the IS TS network under GNA regulation at their own cost.
- The Developer shall apply for Connectivity/GNA/Open Access within 'D' days of issuance of the LOA.
- The End Procurer is liable for state transmission charges and losses beyond the Delivery Point.
- Intra State/In-State Transmission Charges and losses up to the Delivery Point are borne by the Supplier.
- The energy supplied to the Procurer shall be measured at the Metering Point or any additional point(s) specified in the Bidding Document.
- Transmission of power up to the point of interconnection shall be the Developer's responsibility and at their own cost, unless otherwise provided.
- Additional conditions are specified in the Special Conditions of Contract.

Commencement of Supply:

- The PPA shall indicate the SCSI and quantum of capacity.
- Projects shall commence services within a specified period, but the Procurer can adjust this period if needed.
- Early commencement is permitted, but the Developer must give advance notice to End Procurer(s) and Intermediary Procurer.
- If End Procurer(s) and Intermediary Procurer do not accept early commencement, the Developer can sell surplus capacity in power exchanges or through bilateral arrangements.
- Part commencement is allowed, but the minimum capacity for acceptance is specified. Penalties may apply for non-commissioned parts.
- Early and part commencement does not change the SCSD or PPA term.

- Delays in commencement of supply beyond the SCSD involve penalties for the Developer.
- Delays due to Grid Access operationalization may be considered beyond the Developer's control if certain conditions are met.
- The SCSD for such projects will be adjusted accordingly.

Compensation for Offtake Constraints:

- Compensation for Offtake Constraints due to transmission unavailability and grid security shall be as specified in Special Conditions of Contract.

Payment Security Mechanism:

- For Distribution Licensees, payment security shall be provided as per Electricity (Late Payment Surcharge and Related Matters) Rules, 2022.
- For sale through power markets, shortfall/surplus in revenue shall be treated as per relevant Guidelines/orders.

Force Majeure:

- The PPA shall contain provisions for force majeure definitions, exclusions, applicability, and relief.
- The Developer shall inform the Procurer about force majeure occurrences within 15 days.
- The Procurer shall respond to the claim within 15 days.

Event of Default and Consequences:

- The PPA shall include detailed provisions regarding the event of default and its consequences and any delay in commencement of supply beyond SCSD constitutes a default.
- Failure to maintain minimum performance requirements may lead to termination of the PPA and damages and also the assignment or repudiation of the PPA by the Developer is considered a default.
- Lenders may exercise their rights of substitution in case of Developer default.
- If the Procurer/Intermediary Procurer is in default, the Developer may terminate the PPA and claim damages.

Change in Law:

- Provisions for Change in law shall be in accordance with the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021.

Minimum Paid-up Share Capital/Shareholding:

- The successful bidder shall maintain at least 51% shareholding in the SPV/project company prior to ACSD.
- Changes in shareholding after ACSD can be undertaken with intimation to the Procurer. In case of default, lenders may exercise substitution of Promoter.

Construction and Performance Monitoring:

- Grid-connected projects must install necessary equipment for continuous performance recording and data shall be submitted to Authorities/Agencies as specified in the RfS Document.
- Access to the portal for remote monitoring shall be granted to Procurer and relevant agencies. Geo-tagging of Projects is mandatory.
- When the Project Site is identified by the Procurer, both the Procurer, RE Park developer (if applicable) and Developer should ensure timely completion of preparatory and implementation activities.
- When the Project Site is identified by the Developer, they are responsible for obtaining clearances, and the Procurer is not responsible for delays.