

Solar Bidding Guidelines Amendment changes Lock-in Requirements

Ministry of Power ('Power Ministry') has issued a fourth amendment to *The Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects* dated 3rd August, 2017¹ ('Solar Guidelines').

The fourth amendment to the Solar Guidelines was published in the Central Gazette on 9th July, 2019² ('Fourth Amendment'). Previously, the Solar Guidelines have been amended on 15th June, 2018³, 7th January, 2019⁴ and 12th April, 2019⁵.

Fourth Amendment:

The amendments made by the Fourth Amendment are as follows:

Increase in Lock-in Period of shareholding in Solar Power Developer:

- In case of an SPV held by a single company, the minimum paid up share capital held by the single company in the SPV executing the PPA has to be maintained at minimum 51% at all times up to 3 (three) years from the COD; and
- In case of an SPV created by a consortium, the combined shareholding of the consortium members in the SPV executing the PPA has to be maintained at minimum 51% at all times up to 3 (three) years from the COD.

The minimum shareholding may be reduced beyond 51% only with the prior approval of the Procurer. Please see the diagrammatic representation below.

Lock-in requirement of the Promoter of the bidding company / consortium:

The Fourth Amendment further requires that the Promoters of the bidding company or the consortium, shall not cede control of the bidding company/ consortium till 3 (three) years from the COD, except with the prior approval of the Procurer. The expression 'control' has been defined to mean the ownership, directly or indirectly, of more than 50% of the voting shares of such Company or right to appoint majority Directors.

Accordingly, the successful bidder shall provide the information about its promoters and their shareholding to the Procurer before signing of the PPA with Procurer.

In this Issue

Fourth Amendment:

- Increase in Lock-in Period of shareholding in Solar Power Developer:
- Lock-in requirement of the Promoter of the bidding company / consortium:
- Clarifications and modifications to the Guidelines:

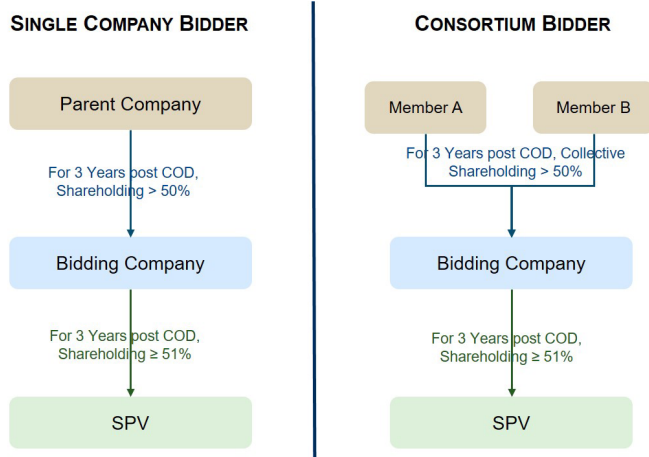
Third Amendment





Insolvency & Bankruptcy

Please see the diagrammatic representation below.



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Clarifications and modifications to the Guidelines:

The Fourth Amendment has amended Point No. 20 of the Solar Guidelines as per which the Ministry of New and Renewable Energy can, with the approval of the Minister of New and Renewable Energy ('MNRE'), can give effect to any provision of the Solar Guidelines or interpret or modify the Solar Guidelines. Prior to the amendment, the MNRE was required to consult with the Power Ministry.

Third Amendment:

The Third Amendment to the Solar Guidelines dated 12th April, 2019 makes a minor amendment as per which the term 'land' used under the Solar Guidelines shall also mean water for establishing floating solar power projects. It further states that for the purpose of use of water for floating solar power projects, necessary statutory clearances, as required, are to be obtained in terms of the Solar Guidelines.

- 1 Resolution No. 23/27/2017-R&R - Gazette of India (Extraordinary) (Part I Section) dated 3rd August, 2017
- 2 Resolution No. 23/27/2017-R&R - Gazette of India (Extraordinary) (Part I-Section) on 9th July, 2019
- 3 Resolution No. 23/27/2017-R&R - Gazette of India (Extraordinary) (Part I-Section) on 15th June, 2018
- 4 Resolution No. 23/27/2017-R&R - Gazette of India (Extraordinary) (Part I-Section) on 7th January, 2019
- 5 Resolution No. 23/27/2017-R&R - Gazette of India (Extraordinary) (Part I-Section) on 12th April, 2019

Please feel free to address any further questions or request for advice to:

Jatin Aneja

National Practice Head – Projects & Project Finance
jatin.aneja@AMSShardul.com

Shashwat Kumar

Partner
shashwat.kumar@AMSShardul.com

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