

Scheme for financing of Solar Power projects

Energy Security is key to economic growth to any country. India is blessed with abundant solar energy and if harnessed efficiently, the country is capable of producing trillion- kilowatts of electricity. The State of Rajasthan receives maximum solar radiation intensity in India with very low average rainfall. Therefore, Rajasthan is likely to emerge as the global hub for solar power. The Rajasthan Solar Energy Policy-2014 has been brought out with the aim of creating business friendly atmosphere so that the investors see Rajasthan as a land of opportunity in the solar sector.

The Corporation may consider providing financial assistance to solar PV power generation projects.

The salient features of the scheme are as under:

1. Eligibility Criteria:

- Setting up of solar power projects sanctioned under guidelines of MNRE/ national Solar Mission (NSM) Rajasthan Solar Energy policy-2014
- Setting up of solar power projects in Rajasthan for sale to Discoms of Rajasthan on the tariff determined by RERC through competitive bidding process.
- Utility grid power projects for sale through RE (Solar) Certificate mechanism.
- Utility grid power projects for captive use/sale to 3rd Party/States other than Rajasthan through open access.
- Setting up of Rooftop/off grid PV solar power projects connected to LT under Net Metering Scheme as per guidelines or RERC.
- Power Purchase Agreement (PPA) for the entire period should have been signed Upfront to the satisfaction of the Corporation.

- Promoter should have satisfactory record of repayment and should not be a defaulter to any financial institution/bank.
- Minimum Size of the project shall be I (One) MW. However, Rooftop/off grid solar power projects of 0.5 MW or more for captive use shall also be eligible.
- Guarantees/Warranty should be available under EPC Contract/suppliers of panels, to the satisfaction of the Corporation.

2. Extent of financing:

The extent of funding (Term loan) applicable for all types of borrowers under this scheme will be restricted to 70% of the project cost.

3. Debt Service Coverage Ratio:

Debt Service Coverage Ratio for these projects should be above 1.25:1.

4. Rate of Interest:

Prevailing rate of interest of the Corporation.

5. Repayment Period:

The maximum period of repayment will be 10 years including moratorium of 6 to 12 months. Implementation period shall be upto 2 years.

6. Security

The loan shall be secured by way:

- a) In case of grid connected solar power project, first charge over the plot of land and building, first charge by way of hypothecation of all the plant and machinery of the project proposed to be financed.
- b) In case of Rooftop solar power project, first charge by way of hypothecation of all plant and machinery of the project proposed to be financed and assignment of right under PPA in favour of the Corporation.

- c) Personal guarantee of Promoters/Directors/Proprietors/Partners of the company/proprietorship firm/ partnership firm/LLP, as the case may be.
- d) Suitable Collateral security.
- e) Pledge of 75% of the fully paid up equity shares of the borrower company.

7. Sanctioning Authority:

Competent authority as per the prevailing policy of the Corporation.

8. Other Conditions:

- a) Borrower shall create and maintain a Trust & Retention Account (TRA) in a designated/Scheduled bank, where all the cash inflows of the project shall be deposited and the proceeds utilized in a manner and priority to be decided by the corporation in consultation with the borrower.
- b) Consent letter from Power Purchaser/Consumers should be submitted to the satisfaction of the Corporation that all payments will be deposited in Project TRA account only.
- c) For grid connected solar Power project, borrower must have the requisite land to the satisfaction of the corporation.
- d) The processing fee, service charges & upfront fee will be applicable as per policy of the Corporation.
- e) The payment of interest and principal will be on due dated and in quarterly installments.