

ಕರ್ನಾಟಕ ನವೀಕರಿಸಬಹುದಾದ ಇಂಧನ ಅಭಿವೃದ್ಧಿ ನಿಯಮಿತ  
KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED  
( Government of Karnataka Undertaking )

KREDL/07/SG/650MW/Pavagada Park/B40/809-A/2018-19/14/99-4510 Date: 29 June 2018

**Letter of Award and Allotment Letter**

To  
Fortum Solar India Pvt Ltd.,  
Building 5, Tower-A, Level-7,  
DLF Cyber City Complex,  
Gurgaon-122002.

Sir/ Madam,

**Subject:** Letter of Award and Allotment Letter for “Request For Proposal (RFP) is invited from the Power Producing Companies/ Solar Developers for the allotment of remaining 650 MW<sub>AC</sub> (50 MW<sub>AC</sub> x 13 Blocks) Grid-Connected Ground Mounted Solar Photovoltaic Projects to be implemented in Pavagada Solar Park in the state of Karnataka on “Build-Own-Operate” basis under open category only for the procurement of solar power by the ESCOMs of Karnataka for a period of 25 years” Notification dated 10 April 2018 and 22 April 2018(as per the Clause 21.1 of RFP).

**Reference1:** Tender Notification No:KREDL/07/SG/650MW/Pavagada Park/809-A/2018-19 dated:10.04.2018 and Corrigendum-1 dated: 22.04.2018.

**Reference2:** Consent letter of M/s Fortum Solar India Pvt Ltd., vide letter no: FSIPL/KREDL/280618 dated:28.06.2018 for reduction of tariff from INR 2.91 per kWh (Quoted) to INR 2.85 per kWh (agreed).

**Reference3:** Your letter No: FSIPL/KREDL/280618 dated:29.06.2018 submitted for block allocation.

We refer to your Bid in response to our Request for Proposal (RFP) titled as “Request For Proposal (RFP) is invited from the Power Producing Companies/ Solar Developers for the allotment of remaining 650MW<sub>AC</sub> (50 MW<sub>AC</sub> x 13 Blocks) Grid-Connected Ground Mounted Solar Photovoltaic Projects to be implemented in Pavagada Solar Park in the state of Karnataka on “Build-Own-Operate” basis under open category only for the procurement of solar power by the ESCOMs of Karnataka for a period of 25 years” (hereinafter shall be referred as “Project”).

We are pleased to inform you that your tariff offered under reference (2)for the below mentioned Project Block has been accepted and you have been declared as one of the Selected Bidders for the Project Block under reference(3).



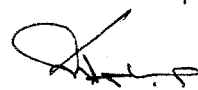
The details of the project in Pavagada Solar Park are as below:

Sr. No.	Project Block No.	Substation	Capacity (in MW <sub>AC</sub> )	PPA Tariff (in INR/kWh)	
				In figures	In words
1	Block B40	220/66 kV: S8	50 MW <sub>AC</sub>	2.85	Indian Rupees Two and Eighty Five Paise Only

Please note that the acceptance of your Bid is subject to the following terms and conditions:

- a) Submission of Facilitation Fee to KSPDCL before execution of Draft PPA, ISA and LSA by the way of demand draft, for a total value of **INR 50,00,000 (Indian Rupees Fifty Lakhs Only)**, calculated as INR 1,00,000/- (Rupees One Lakh Only) per MW<sub>AC</sub>, plus **GST at prevailing rate of 18% (eighteen percent)** on the total value of Facilitation Fee in favour of the CEO, KSPDCL.
- b) In terms of the Clause 3.1 of the RFP, you may be required to set up a new Special Purpose Vehicle (SPV)<sup>1</sup> duly incorporated under the Companies Act 1956/ 2013, as applicable. The constitution of such company should comply with the conditions of the shareholder commitments mentioned in the RFP.
- c) You are required to execute the Draft PPA with MESCOM along with execution of ISA, and LSA with KSPDCL within 30 days (Thirty Days) from the date of this Letter of Award, as per Clause 22 of the RFP.
- d) You are required to commission the Project within 12 (twelve) months from the Effective Date. Effective Date shall mean date of obtaining concurrence from KERC on the draft PPA, as per clause Article 21 (Definitions) of the Draft PPA;
- e) In terms of the RFP and Draft PPA, you are requested to furnish the following documents before the signing of Draft Power Purchase Agreement (PPA) as a pre-requisite to sign the Draft PPA with MESCOM.
  - i. A copy of the Certificate of Incorporation of the SPV (as applicable)
  - ii. Details of the promoters and their shareholding in the SPV, duly certified by the Company Secretary in original. (as applicable)
  - iii. Performance Security, by the way of irrevocable Bank Guarantees for a total value of **INR 5,00,00,000 (Indian Rupees Five Crore Only)** calculated as

<sup>1</sup>Where the Bidder is a Single Business Entity, it may at its option, form an appropriate Special Purpose Vehicle under the Companies Act, 1956/ 2013 (the "SPV") to execute the Draft PPA and implement the Project. In case foreign company bids as a Single Business Entity, it shall, prior to execution of the Draft PPA, incorporate an appropriate "SPV" in India only to execute the Draft PPA and implement the Project. In case the Bidder is a Consortium, it shall, prior to execution of the Draft PPA incorporate as per the terms of the RFP, an appropriate "SPV" in India only to execute the Draft PPA and implement the Project.

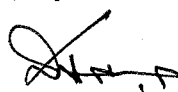


INR 10,00,000/- (Rupees Ten Lakh Only) per MW<sub>AC</sub> in the form and manner as per the provisions of Clause 22.1.2 of the RFP, in favour of the Managing Director MESCOM, and shall be valid up to a period of Twelve (12) months from Scheduled Commissioning Date as per Draft PPA.

- iv. The total value of the Performance Bank Guarantee (PBG) shall be split into three (3) Performance Bank Guarantees as detailed hereunder:

<b>PBG I – 20% of the total value</b>	<b>PBG II – 40% of the total value</b>	<b>PBG III – 40% of the total value</b>
<b>1,00,00,000</b>	<b>2,00,00,000</b>	<b>2,00,00,000</b>
<b>Indian Rupees One Crore Only</b>	<b>Indian Rupees Two Crore Only</b>	<b>Indian Rupees TwoCrore Only</b>

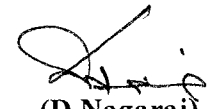
- v. Information on commitment on the energy generation in Million kWh (MU) for the Project and the maximum CUF and minimum CUF as per the Clause 5.6 of the Draft PPA.
- f) In terms of the ISA and LSA, you are requested to pay the charges to KSPDCL as enclosed in Annexure-1 of this LOA.
- g) In terms of the ISA, you are required to submit an irrevocable unconditional Performance Bank Guarantee (PBG) of INR 5 Lakhs (Indian Rupees Five Lakhs) per MW<sub>AC</sub> to KSPDCL issued from a public sector / scheduled commercial bank at the time of signing of this Implementation and Support Agreement in the form attached hereto as Schedule “2” of the ISA. The PBG shall be valid for a minimum period of 15 (fifteen) months from the obtaining concurrence from KERC on the draft PPA. In case any extension is given to the project, the corresponding extension needs to be made in the validity of PBG.
- h) In terms of the LSA, you are required to submit an irrevocable unconditional revolving Letter of Credit (LC) in favour of Lessor with a public sector / scheduled commercial bank within 30 (thirty) days from the date of signing of this agreement. The LC shall cover annual lease rent payable to Lessor for the next financial year. Failure of Lessee to open the LC as stated above invalidates this agreement. The LC shall be established for a minimum period of one year and shall be renewed annually for the amount equal to annual lease rent for the subsequent financial year as specified in Schedule “2” of the LSA + applicable GST, Lessee shall ensure that LC remains valid at all times during the entire/extended validity period of this Agreement. LC shall be renewed not later than 30 days prior to expiry of existing LC.
- i) ESCOM shall obtain the concurrence from KSPDCL/ KREDL for having paid the necessary fees/ charges as mentioned in RFP, LOA, ISA and LSA by the Bidder, before signing of Draft PPA.
- j) KSPDCL shall obtain the undertaking from the SPD for the payment of annual lease rent for the years 2015-16, 2016-17 and 2017-18 in 3 (Three) equal instalments.



Kindly note, that this communication by itself does not create any right or contractual relationship with KREDL or MESCOM or KSPDCL, any such right or relationship shall come into effect only on your fulfilling the above conditions and execution of the Draft PPA, ISA and LSA.

You are requested to acknowledge this LOA within **seven (7) Days from the date of LOA**, and also requested to indicate a suitable date for execution of the Draft PPA, ISA and LSA within a maximum timeline of thirty (30) days from the date of this LOA.

Yours faithfully,

  
(D Nagaraj) 29/6/18  
Managing Director

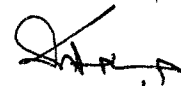
Copy to:

1. The Managing Director, Mangalore Electricity Supply Company Limited (MESCOM), for kind information and needful.
2. The CEO, KSPDCL, for kind information and needful.
3. The PS to Additional Chief Secretary to Government (Energy), Government of Karnataka, with a request to place it before the Additional Chief Secretary to Government (Energy), Government of Karnataka for kind perusal.

## Annexure-1

The various charges payable to KSPDCL is mentioned below:

S. No.	Description	Charges
1.	Upfront charges/One time Solar Power Park Development Expenses	INR 29.025 Lakhs/MW <sub>AC</sub> before signing of ISA
2.	Annual O&M Charges Escalated at 5% every year	INR 2.65 Lakhs/MW <sub>AC</sub> within 30 days from COD
3.	Annual Land Lease Rent per MW <sub>AC</sub> (with 5% escalation once in every 2 years)	<p>INR 1,63,075 (One Lakh Sixty Three Thousand and Seventy Five only) (5 Acres per MW<sub>AC</sub> will be allotted to SPD) Before signing of LSA.</p> <p>The SPDs shall have to reimburse KSPDCL, the annual lease rent for the years 2015-16, 2016-17 and 2017-18 (i.e. upto date of Land Sub Lease Agreement) along with interest at SBI PLR at the time of signing LSA OR in three(3) equal instalments as follows:</p> <ol style="list-style-type: none"><li>The first instalment shall be paid in the month of April 2019;</li><li>The second instalment shall be paid in the month of April 2020; and</li><li>The third instalment shall be paid in the month of April 2021</li></ol>
4.	Local area development fund	1% of the total investment made for setting up solar power project in the solar park. Assumption: INR 5 Lakh/MW <sub>AC</sub> in 5 equal instalments @ INR 1 Lakh/MW <sub>AC</sub> /year after COD for 5 years, assuming the Project Cost as INR 5 Cr per MW <sub>AC</sub> in accordance with MNRE Guidelines
5.	Non-refundable facilitation fee	INR 1,00,000 per MW <sub>AC</sub> + applicable GST as per GoK Solar Policy 2014-21 Before signing of ISA
6.	Compensation towards yielding borewells, drip, trees etc.:	<p>INR 1 lakh / MW<sub>AC</sub> (provisional till Nov 2017) before signing of ISA.</p> <p>On actual basis in proportion to allocated capacity upon intimation by KSPDCL shall have to be paid by SPDs, subjected to a maximum ceiling limit of Rs. 1.25 Lakh (Indian Rupees One Lakhs Twenty Five Thousand Only) per MW</p>



S. No.	Description	Charges
7	Performance Bank Guarantee (PBG) (as per ISA)	SPD shall submit an irrevocable unconditional Performance Bank Guarantee (PBG) of INR 5 Lakhs (Indian Rupees Five Lakhs) per MWAC with validity for a minimum period of 15 (fifteen) months from the obtaining concurrence from KERC on the draft PPA

Note: The above charges are exclusive of GST and other taxes. GST and any other applicable taxes, duties, cess, and other Government levies payable by SPPD are to be reimbursed by SPD as per the prevailing norms from time to time.

