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RESERVE BANK OF INDIA

Risk Management & Inter-Bank Dealings Relaxation of facilities for residents for hedging of foreign currency borrowings

Reserve Bank of India ("RBI") vide [Circular A.P. \(DIR Series\) No. 28](#) on November 5, 2015 issued a notification pertaining to Risk Management & Inter-Bank Dealings Relaxation of facilities for residents for hedging of foreign currency borrowings. Vide this notification to facilitate hedging of long term foreign currency borrowings by residents, RBI has permitted Authorised Dealers Category-I ("AD Category-I") banks to enter into Foreign Currency Indian Rupee ("FCY-INR") swaps with Multilateral or International Financial Institutions ("MFI/IFI") in which Government of India is a shareholding member subject to terms and conditions provided below:

1. The swap transactions should be undertaken by the MFI / IFI concerned on a back-to-back basis with an AD Category-I bank in India.
2. AD Category-I banks shall face, for the purpose of the swap, only those Multilateral Financial Institutions ("MFIs") and International Financial Institutions ("IFIs") in which Government of India is a shareholding member.

4. The FCY-INR swaps shall have a minimum tenor of three years. All other operational guidelines, terms and conditions relating to FCY-INR swaps.
5. In the event of a default by the resident borrower on its swap obligations, the MFI / IFI concerned shall bring in foreign currency funds to meet its corresponding liabilities to the counterparty AD Category-I banks in India.
6. AD Category-I banks shall report the FCY-INR swaps transactions entered into with the MFIs / IFIs on a back-to-back basis to Clearing Corporation of India Limited (“**CCIL**”) reporting platform, including details of the foreign currency borrower, as terms of Reserve Bank on the reporting platform for Over the Counter (“**OTC**”) Foreign Exchange and Interest Rate Derivatives.



STATE BANK OF INDIA



Guidelines about Streamlining the Process of Public Issue of Equity Shares and Convertibles.

Securities Exchange Board of India (“SEBI”) vide its [circular CIR/CFD/POLICYCELL/11/2015](#) dated November 10, 2015 issued guidelines streamlining the process of public issue of equity shares and convertibles.

SEBI vide this circular modified has modified certain provisions with respect to the process of Public Issue of Equity Shares and Convertibles. The provisions of the circular are applicable for all public issues opening on or after January 01, 2016.

The other modifications carried out by SEBI for public issue of Equity Shares and convertibles are mentioned below:

Pursuant to this circular the time taken for listing of shares has been reduced from 12 (twelve) to 6 (six) working days after the closure of issue. Also to broaden the reach of investors, points for submitting the applications have been enhanced and necessary amendments have been made in the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009. The circular also states that all intermediaries shall co-ordinate with one another to ensure completion of listing of shares and commencement of trading by T+6.

The circular further specifies that all the investors subscribing to a public issue shall use only Application Supported by Blocked Amount (“ASBA”) mode for making payment. This circular now permits the Registrars to an Issue and Share Transfer Agents (“RTAs”) and Depository Participants (“DPs”) alongwith Self Certified Syndicate Banks (“SCSBs”), Syndicate Members and Registered Brokers of Stock Exchanges registered with SEBI to accept application forms (both physical

and online) in case of public issues.

Vide the circular the RTAs and DPs have to provide contact details, of the place where the application forms would be collected, and inform and update the details of such place to the recognized stock exchanges by November 30, 2015 and such details shall be disclosed by the stock exchanges on their websites.

Intermediaries accepting the application forms are responsible for uploading the bid along with other relevant details in application forms on the electronic bidding system of stock exchange(s) and submitting the form to SCSBs for blocking of funds (except in case of SCSBs, where blocking of funds will be done by respective SCSBs only). They shall undertake the various activities in accordance with indicative timelines as specified in this circular. All applications shall be stamped and thereby acknowledged by the intermediary at the time of receipt.

The circular also state that the stock exchanges shall develop the systems similar to the systems prevalent in case of secondary market transactions, to facilitate the investors to view the status of their public issue applications on their websites and send the details of applications and allotments through SMS and E-mail alerts to the investors.

SEBI vide this circular clarifies that the amount of commission payable to RTA / DP is to be determined on the basis of applications which are considered eligible for the purpose of allotment. In order to determine the commission payable to RTA / DP, the terminal from which the bid has been uploaded is to be considered. The details of commission and processing fees payable to each intermediary and the timelines for payment are necessarily to be disclosed in the offer document and the same is to be implemented strictly. The intermediaries shall provide guidance to their investors on making applications in public issues. The merchant bankers shall ensure that appropriate disclosures are made in offer documents in accordance with this circular. All intermediaries have to take appropriate steps to adhere to provisions laid down in this circular.

Investor Grievance Redressal System and Arbitration Mechanism

SEBI has by its [Circular bearing No. CIR/CDMRD/DIECE/02/2015](#), dated November 16, 2015 had dealt with issue of Investor Grievance Redressal System and Arbitration Mechanism.

The circular has been issued to regularize and strengthen the framework of investor redressal and arbitration mechanism at commodity derivatives exchanges in line with the securities market. The circular deals with the following points:

1. Investor Service Centre (ISC)/ Investor Grievances Redressal Committee (IGRC):

- The national commodity derivative exchanges shall set up investor service centers (ISC) for the benefit of the public/ investors.
- The national commodity derivatives exchanges shall substitute IGRC in accordance with the guidelines provided by SEBI and shall perform all functions and responsibilities.

2. Arbitration Committee/ Panel and Appellate Arbitration:

- The national commodity derivatives exchanges shall maintain a panel of arbitrators, code of conduct for arbitrators, arbitration process, appellate arbitration, place of arbitration (should be nearest address provided by the client in the KYC form), implementation of arbitration award in favour of clients, records and disclosures as per the provisions of SEBI.



3. Automatic Process and Common Pool of Arbitrators:

- The national commodity derivatives exchanges shall pool all arbitrators of their exchange in the common pool across all national commodity derivatives exchanges, facilitate automatic selection of arbitrators from the common pool and shall follow the other provisions of SEBI.

All provisions of this circular shall be implemented by National Commodity Derivatives Exchanges on or before April 1, 2016 unless otherwise approved by SEBI.

The national commodity derivatives exchange is directed by to report about the circular on monthly basis.

- The national commodity derivatives exchanges are also advised to:
- Make necessary amendments to relevant bye-laws for the implementation of this circular.
- Bring the provisions of this circular to the notice of the members of the commodity derivatives exchanges and also to disseminate the same through their website.
- Take necessary steps to make investors aware of the grievances redressal mechanism and arbitration proves.
- Communicate SEBI, the status of implementation of the provisions of this circular.



Department of Industrial Policy and Promotions

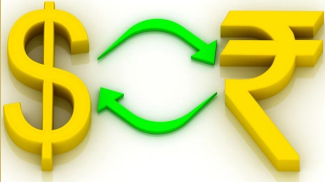
FOREIGN DIRECT INVESTMENT

The Government of India with a view to boost the ease of doing business in India and to further promote Make in India and Startup India initiatives, issued [Press Note dated November 10, 2015](#) outlining significant reforms in the Foreign Direct Investment (“FDI”) Policy. The reforms are aimed at attracting more foreign investments through further easing, rationalising and simplifying the process of foreign investments in the country and putting more FDI proposals under the automatic route.

1. Changes in FDI policy in the Construction Development Sector

The major changes are in the Construction and Development sector are:

- i) Restriction on minimum area to be developed in case of construction development projects of floor area of 20,000 sq.mts. has been removed. Also the condition of minimum capitalization of USD 5 million to be brought in within six months of commencement of business has been removed.



- ii) Each phase of the construction development project would be considered as a separate project for the purposes of FDI policy.
- iii) Foreign investors have been allowed to exit and repatriate their investment under automatic route before the completion of the project provided they complete a lock-in period of three (3) years. Consequent to foreign investment, transfer of ownership and/or control of the investee company from residents to non-residents likely to be permitted. Lock in is proposed to be computed with reference to each tranche of FDI and transfer of immovable or part will not be permitted during this period. Further, exit will be permitted before completion of lock-in period too, in case the project or trunk infrastructure is completed.
- iv) Condition of lock-in period shall not be applicable to Hotels & Tourist Resorts, Hospitals, Special Economic Zones ("SEZ"), Educational Institutions, Old Age Homes and investment by NRIs.
- v) 100% FDI under automatic route is now permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centres. Consequent to foreign investment, transfer of ownership and/or control of the investee company from residents to non-residents is also permitted. However, it shall be subject to a lock-in-period of three (3) years, calculated with reference to each tranche of FDI, and transfer of immovable property or part thereof is not permitted during the lock-in-period.



2. Changes in FDI policy in the Defence Sector:

Foreign investment up to 49% is permitted under Government approval route. Foreign investment above 49% is also permitted, subject to approval of Cabinet Committee on Security (“CCS”) on case to case basis, wherever the investment is likely to result in access to modern and ‘state of-art’ technology in the country. Portfolio investment and investment by FVCIs is restricted to 24%. In this regard, the following changes have been made in the FDI policy in this sector:

- i) Foreign investment up to 49% has now been permitted under automatic route.
- ii) Portfolio investment and investment by Foreign Venture Capital Investors (“FVCI”) is now permitted up to 49% under automatic route.
- iii) Proposals for foreign investment in excess of 49% will be considered by Foreign Investment Promotion Board (“FIPB”).
- iv) If due to infusion of fresh foreign investment within the permitted automatic route level, leads to change in the ownership pattern or transfer of stake by existing investor to new foreign investor, Government approval is required.

3. Changes in FDI policy in the Broadcasting Sector:

New sectorial caps are mentioned below:

- i) FDI in the Teleports (setting up of up-linking HUBs/Teleports); Direct to Home (DTH); Cable Networks [Multi System operators (“MSOs”) operating at National or State or District level and undertaking up-gradation of networks towards digitalization and addressability]; Mobile TV; Headend-in-the Sky Broadcasting Service (“HITS”) upto 49% is permitted by automatic route and government approval is mandatory for investment beyond 49%.
- ii) FDI in Cable networks (other MSOs and Local Cable operators) proposed to be permitted FDI upto 100% from 49%, subject to approval of government for FDI beyond 49%.
- iii) FDI in case of terrestrial broadcasting FM radio (“FM”), up-linking of news and current affairs TV channels is now permissible up to 49% under Government route.
- iv) In case of up-linking of non-news and current affairs TV channels and down-linking of TV channels FDI up to 100% is permissible under automatic route.



4. Changes in FDI policy in Private Sector - Banking:

Full fungibility of foreign investment has now been introduced. Foreign Institutional Investors (“FII”), Foreign Portfolio Investors (“FPI”), Qualified Financial Investors (“QFI”), following due procedure, can now invest up to sectorial limit of 74%, provided that there is no change of control and management of the investee company.

5. Changes in FDI policy in Coffee/Rubber/Cardamom/Palm Oil & Olive Oil Plantations

Apart from tea plantation, now to open up foreign investment in other plantation activities namely Coffee, Rubber, Cardamom, Palm Oil tree and Olive Oil tree plantation. FDI in plantation sector (including tea) is now permissible up to 100% under the automatic route.

6. Investment by Companies/Trusts/Partnerships Owned & Controlled by NRIs on Non-Repatriation Basis to be Treated as Domestic Investment

FDI by Companies/ Trusts/ Partnerships Owned & Controlled by Non-Resident Indians (“NRI”). NRIs have a special dispensation for investment in construction development and civil aviation sectors. Further, investment made by NRIs under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations is deemed to be domestic investment at par with investment made by residents.



This special dispensation for NRIs is now also extended to companies, trusts and partnership firms, which are incorporated outside India and are owned and controlled by NRIs. Henceforth, such entities owned and controlled by NRIs will be treated at par with NRIs for investment in India.

7. Permitting Manufacturers to Undertake Wholesale and/or Retail, Including Through E-Commerce Without Government Approval

A manufacturer now is permitted to sell its product through wholesale and/or retail, including through e-commerce without approval of the Government.

8. Review of FDI Policy Conditionalities for Single Brand Retail Trading and Permitting 100% FDI in Duty Free Shops

- i) Single Brand Retail Trading (“SBRT”) Sector Sourcing Norms of 30% of the value of goods purchased would be reckoned from the opening of first store instead of from the date of receipt of FDI. In case of ‘state-of-the-art’ and ‘cutting-edge technology’ segments, the sourcing norms can be relaxed subject to Government approval.
- ii) An entity that has been granted permission to undertake SBRT will be permitted to undertake e-commerce activities.

- iii) Certain conditions of the FDI policy, namely, products to be sold under the same brand internationally and investment by non-resident entity/ entities as the brand owner or under legally tenable agreement with the brand owner, will not be made applicable in case of FDI in Indian brands.
- iv) An Indian manufacturer is permitted to sell its own branded products in any manner, i.e., wholesale, retail, including through e-commerce platforms.
- v) For the purposes of FDI Policy, Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in-house, and sources, at most 30%, from Indian manufacturers. Also, Indian brands should be owned and controlled by resident Indian citizens and/ or companies that are owned and controlled by resident Indian citizens.
- vi) Opening of Duty Free Shops for 100% FDI under Automatic Route 100% FDI is now permitted under automatic route in Duty Free Shops located and operated in the Customs bonded areas.

9. Permitting Same Entity to Carry Out Both Wholesale and Single Brand Retail Trading

Permission is granted for a single entity to undertake activities of both, wholesale trading and SBRT, with the condition that FDI policy conditions on wholesale/ cash & carry and SBRT have to be complied with by both the business arms separately.

10. 100% FDI in Limited Liability Partnerships (“LLP”) Permitted Under Automatic Route

100% FDI is now permitted under automatic route in LLPs operating in those sectors/ activities where 100% FDI is allowed under automatic route, and there are no FDI-linked performance conditions. Also, the terms ‘ownership’ and ‘control’ with reference to LLP have been defined. LLP having foreign investment will be permitted to make downstream investment in another company or LLP in sectors in which 100% FDI is allowed under the automatic route, and there are no FDI-linked performance conditions.

11. Opening up of FDI in Regional Air Transport Service

Regional Air Transport Service will be eligible for foreign investment up to 49% under automatic route.

12. Enhancing Foreign Equity Caps in Non-Scheduled Air Transport, Ground Handling Services, Satellites- establishment and operation and Credit Information Companies

Foreign Equity caps of Non-Scheduled Air Transport Service, and Ground Handling Services, Satellites- establishment and operation and Credit Information Companies have now been increased from 74% to 100%. Further, sectors other than Satellites- establishment and operation have been placed under the automatic route.

13. Companies without Operations Not to Require Government Approval for FDI for Undertaking Automatic Route Sector Activities

Government approval would not be required for infusion of foreign investment into an Indian company which does not have any operations, and also does not have any downstream investments for undertaking activities which are under automatic route and without FDI-linked performance conditions, regardless of the amount or extent of foreign investment.

14. Establishment and Transfer of Ownership and Control of Indian Companies

As per the FDI policy establishment and transfer of ownership or control of the Indian company in sectors/ activities with caps requires Government approval. This provision has now been amended to provide that approval of the Government will be required if the company concerned is operating in sectors/ activities which are under Government approval route rather than capped sectors.

15. Simplification of Conditions

Conditions prescribed under FDI Policy on Agriculture and animal husbandry, and Mining & mineral separation of titanium bearing minerals and ores, its value addition and integrated activities sectors have been simplified.

16. Raising the Threshold Limit for Approval by Foreign Investment Promotion Board

The threshold limit for FDI approvals that may be considered by FIPB having total foreign equity inflow up to Rs. 3000 crores is now increased to Rs. 5000 crores. FDI proposals above Rs. 5000 crores will be placed for consideration of Cabinet Committee on Economic Affairs (“CCEA”).



MAHARASHTRA ELECTRICITY REGULATORY

COMMISSION

Draft Scheme for utilisation of Gas based power generation capacity

1. The Government of India, Ministry of Power has by its [Office Memorandum No.4/2/2015-Th-I](#), dated March 27, 2015 at Shram Shakti Bhawan, Rafi Marg, New Delhi has laid down scheme for utilisation of gas based power generation capacity.
2. The Office Memorandum pertains to implement the scheme for utilisation of gas based power generation capacity for the years 2015-2016 and 2016-2017 for which it has come up the draft and has invited comments, suggestions and objections if any on the draft regulations. The present gas based capacity, commissioned as well as ready for commissioning in the country is 27,123 MW of which, for the current financial year (April 2014 to January 2015), the gas grid connected plants with the capacity of 9,845 MW received some limited available domestic gas and operated at an average of 32.2% Plant Load Factor ('PLF') during April 2014 and January 2015 and the same are classified as 'plants receiving domestic gas'. Further, 14,305 MW capacity had no supply of domestic gas and is classified as 'stranded gas based plants'



3. **Scope:** The scheme aims to supply imported spot regassified liquid natural gas ('RLNG') "e-bid RLNG" to the stranded gas based plants as well as plants receiving domestic gas, upto the target PLF, selected through a reverse e-bidding process. The scheme also aims that sacrifices be made collectively by all stakeholders and support from the Power System Development Fund ('PSDF')
4. **Funding:** The outlay for the support from PSDF has been fixed at Rs.3500 crores and Rs.4000 crores for 2015-2016 and for 2016-2017 respectively. Further, PSDF support is apportioned between the two groups as stranded plants: Rs.3000 crores and plants receiving domestic gas: Rs.500 crores for year 2015-2016 and stranded plants : Rs.3500 crores and plants receiving domestic gas Rs.500 crores for year 2016-2017.
5. **Empowered Pool Management Committee ('EMPC'):** An EMPC is constituted under the chairmanship of Special Secretary of Ministry of Power ('MoP')/ Additional Secretary (MoP) with other members. The EMPC is fully empowered to resolve the operational issues as may arise from time to time to ensure smooth functioning of the scheme. These Division of Ministry of Power will provide secretarial assistance to the EMPC. Accordingly, Joint Secretary (thermal), MoP will act as the Member Secretary of the EMPC.
6. **Eligible Utilities:** The eligible gas based power plants under the scheme as the stranded gas based plants and those plants receiving domestic gas whose actual average PLF achieved during April – January 2014 – 2015 was below the target PLF. The list of eligible gas based plants which can participate in the

bidding shall be declared prior to the bidding on the target PLF as decided by the EPMC.

7. **Contribution by different stake holders:** To achieve the target price of power, the following interventions/ sacrifices have been approved to be made by the Central Government, State Governments, Power Developers and Gas Transporters collectively.

- Customs Duty waiver on imported Liquid Natural Gas ('LNG'): Government of India ('GOI') has already exempted customs duty on imported LNG used for power generation. The procedure for availing this benefit has been simplified further for which Department of Revenue and Ministry of Finance will issue appropriate notification.
- Waiver of Value Added Tax ('VAT') on the e-bid RLNG: The concerned State Governments are required to waive VAT on the e-bid RLNG consumed in power generation based on the invoicing done by the gas supplier.
- Waiver of Central Sales Tax (CST), Octroi and Entry Tax on the e-bid RLNG: CST, Octroi and Entry Tax shall be exempted by the concerned states on the e-bid RLNG. Further, in case of CST on sale of RLNG, the entry tax being levied by States shall be exempted by the respective States on the e-bid RLNG.
- Waiver of Service Tax on regasification and transportation of the e-bid RLNG: The Service Tax on regasification and on transportation of e-bid

RLNG has been waived off for which Department of Revenue, Ministry of Finance will issue appropriate notification.

- Reduction in pipeline tariff charges by GAIL/ Transporters on the e-bid RLNG: GAIL and other transporters shall reduce the pipeline tariff by 50% on e-bid RLNG. Concurrence of Petrol and Natural Gas Regulatory Board
- Reduction in regasification charges by regasification agencies on the e-bid RLNG: The regasification agencies shall reduce the regasification charges by 50% on the e-bid RLNG.
- Reduction in marketing margin by GAIL/ GSPC on the e-bid RLNG: GAIL/ GSPCL shall reduce marketing margin by 75% on sell of e-bid RLNG.
- Capping of fixed cost to be recovered by the stranded developers: For the stranded gas based plants, the developed will forego return on their equity. The fixed cost recovery will also be limited to meet only the obligation towards debt servicing and Operation & Manager ('O&M') cost.
- Provision for co-mingling and swapping of gas: The procedure for co-mingling and swapping of gas has been simplified, for which Department of Revenue, Ministry of Finance will issue appropriate notification.
- Exemption from transmission charges and losses for stranded gas based power projects on lines of solar power on generation from the e-bid RLNG Transmission charges and transmission losses of the CTU and/or STU as the case may be, for the incremental gas based power so produced by the e-bid RLNG

Transmission charges and transmission losses of the CTU and/or STU as the case may be, for the incremental gas based power so produced by the e-bid RLNG are waived off on lines of solar.

- Support from Power System Development Fund ('PSDF'): PSDF support by the Government of India will be made available to the Discoms through a transparent reverse e-bidding process. The support from PSDF will be made available only for the incremental PLF above the base PLF achieved by the gas based plant during April – January 2014-2015 and upto the target PLF.
 - The stranded power plants may also require financial relief from Banks/ Financial Institutions so that they are able to meet their debt service obligations. The gas plants may approach the lead bank who may consider their proposal in terms of RBI guidelines.
8. The benefits under this proposal will be available to only those gas plants where the host State Governments agree to waiver of VAT, VST, Entry Tax/ Octroi etc.
9. **Target PLF and Target price** : The EPMC will fix the target PLF and the target price for the power. The indicative target PLF is as below.

Indicative target PLF (%)				
	FY 16		FY 17	
	5 Monsoon months	7 Non-Monsoon months	5 Monsoon months	7 Non-Monsoon months
Stranded Plants	25%	30%	30%	30%
Plants receiving domestic gas	25%	30%	30%	30%

The indicative 'target price' which is the net purchase price for the Discoms will be Rs.5.50/unit for the stranded gas based plants and Rs.4.19/unit for Plants receiving domestic gas for incremental generation upto target PLF. The EPMC after the indicative target PLF and/or the indicative target price depending upon the response during reverse e-bidding, which ensuring that the support required from PSFD does not exceed the approved amount for 2015-2016 and 2016-2017.

10. **E-bid RLNG Operator:** GAIL is appointed as the 'e-bid RLNG Operator' for the gas based plants outside Gujarat and GSPCL will be 'e-bid RLNG Operator' for the gas based plants within Gujarat. Gail will be the only agency for the procurement of e-bid RLNG under the proposed mechanism.
11. **Reverse e-bidding for PSDF support and operation mechanism:** The broad mechanism for the reverse e-bidding shall be as prescribed while the detailed procedure for the reverse e-bidding process will be finalized by EPMC.
12. **Release of PSDF support by GOI:** PSDF support will be released as broadly given below and as further timed up by EPMC.
 - a. Support from PSDF will be given to the Discoms purchasing the e-bid RLNG based power periodically upon receiving the following documents:

- Certification by CEA for each participating gas based plant regarding the quantum of electricity to be generated per unit of gas based on the technical parameters of the plant.
- Certification by GAIL regarding quantity of e-bid RLNG be supplied during the relevant period.
- Self-certification by the participating gas based plant regarding the quantity of e-bid RLNG gas actually utilized during the relevant period for generation of electricity purchased during the relevant period from participating gas based plants.
- Certification by participating Discoms regarding the quantum of e-bid RLNG based electricity purchased during the relevant period from participating gas based plants.
- The plants receiving domestic gas, PSDF support will be available only for incremental generation of electricity during the relevant period over and above the PLF achieved during April-January 2014-2015.
- EPMC is authorized to lay down further guidelines in this regard including appropriate modification in the requirement of above documentation in the interest of ease of operation, subject to the overall condition that PSDF support will be available only for incremental generation of electricity from e-bid RLNG. The modalities for the disbursement of the PSDF support will be worked out separately.

- b. The EPMC will authorize the release of PSDF support to the Discom.
 - c. Discom will in turn pay the gross value of the purchased power (i.e. the amount including the support from PSDF) to the power producer.
 - d. All receipts and payments relating to e-bid RLNG based power generation will be necessarily routed through a single designated Trust and Retention account ('TRA') controlled by the Lead Bank for the power producer.
 - e. In case of stranded gas based plants, the Lead Banker will ensure that all receipts of money would be utilized only for payments towards the variable cost of generation plus O&M expenses as per the regulatory guidelines in force and debit servicing after capping the fixed cost and ensure that no payments are made towards any return on equity to the sponsors of the project.
 - f. In case of plants receiving domestic gas, the Lead Banker/ EPMC will ensure that all receipts of money would be utilized only for payments towards the variable cost of generation.
 - g. The Lead Bank will certify to the EPMC on a quarterly basis that the receipts of money have been utilized solely for the intended purposes.
13. **Execution period:** The scheme shall be applicable for 2 years i.e. for FY 2015-2016 and FY 2016-2017 and will be reviewed thereafter.

14. **Bid Process Management:** GAIL will appoint MSTC Ltd. on nomination basis as the service agent for the bid process management. GAIL may also appoint a transaction advisor if required. The costs towards MSTC and transaction advisor shall be borne by PSDF.
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Maharashtra Electricity Regulatory Commissions (Terms and Conditions for determination of Renewable Energy Tariff) Regulations, 2015.

The Maharashtra Electricity Regulatory Commission (“**MERC/Commission**”) vide its powers under section 61, 66 and section 181 and all other powers and after previous publication has made the Maharashtra Electricity Regulatory Commissions (Terms and Conditions for determination of Renewable Energy Tariff) Regulations, 2015. (“**Regulations, 2015**”)

The following definitions have been defined under the Regulations, 2015:

- Hybrid Renewable Energy Project based on Renewable Energy technologies approved by Ministry of New and Renewable Energy (“**MNRE**”), such as Wind-Solar Hybrid, Solar-Biomass Hybrid, Solar-Co-Generation Hybrid, Solar Thermal Hybrid, within the same premises and commissioned after notification of these Regulations.
- ‘Renewable Energy’ or ‘RE’ means the grid quality electricity generated from Renewable Energy sources.
- ‘Tariff period’ means the period for which the tariff is to be determined by the Commission on the basis of norms specified under these Regulations.
- ‘Useful Life’, in relation to a Unit of a Generating Station, including the evacuation system, means the following duration from the date of commercial operation (‘COD’) of such generation facility, namely :—
 1. Wind Energy Power Projects - 25 years
 2. Biomass-based Power Project, Non-Fossil Fuel-based Co-generation - 20 years
 3. Mini/Micro and Small Hydro Power Projects - 35 years
 4. Solar PV/Solar Thermal Power Projects - 25 years
 5. Solar Roof-top PV systems Power Projects - 25 years

Provided that the Useful Life of other RE Projects shall be as stipulated by the Commission while determining the Project specific tariff, taking into consideration the norms of the Central Commission.

The Following regulations have been inserted in Regulations, 2015 by MERC:-

- **Regulation 4 – General Reporting Requirements**

The Distribution Licensees shall furnish the following quarterly information to State Nodal Agency, within a month of the close of the preceding quarter,

- a. Details of source-wise RE capacity addition in MW;
 - b. Details of purchase of RE in MUs and;
 - c. A statement of Energy Purchase Agreements (EPAs) entered into under these Regulations, in addition to any other information that the Commission may stipulate from time to time. The Distribution Licensees shall also upload and update the above information on their websites on a quarterly basis, along with details of capacity addition in previous years.
- The Commission or State Nodal Agency may from time to time stipulate any other financial, technical or other information required to be furnished by the RE Project Entities, including information regarding RE Project performance parameters such as actual energy generated, monthly actual Capital Utilisation Factor and actual Auxiliary consumption, if applicable; and financial information such as Capital Cost, yearly Operation & Maintenance Expenses, details of loans and financing, and interest rate; etc.

- **Regulation 5 - Competitive Bidding for procurement of power generated by grid connected RE Projects:**

The Commission shall adopt tariff for a RE Power Project , where such tariff has been determined through a transparent process of competitive bidding as per Section 63 of the Electricity Act, 2003 (“EA,2003”)

- **Regulation 6 – Review Period:**

The Review period for Regulations, 2015 shall be 5 (five) years i.e. FY 2019-20. The first period shall commence from notification of these regulations. Regulations for the subsequent review period shall be notified separately

And in case of no such notification, then the tariff norms specified in these regulations shall continue to apply.

- **Regulation 7 - Tariff Period:**

The Tariff period shall commence from the date of commercial operation of the Generating Station or Unit, as the case may be. The Tariff period for different kind of projects shall be as follows:-

Project	Tariff Period
Wind Power, Biomass-based, Solar PV, Solar Roof-top PV and Non-Fossil Fuel-based Co-Generation Projects	13 years
Small Hydro Power Projects of capacity exceeding 5 MW and upto and including 25 MW	13 years
Small Hydro Power Projects of 5 MW capacity or less and for Mini/Micro Hydro Power projects	35 years
Solar Thermal Projects	25 years

- **Regulation 8- Project Specific Tariff**

Tariff for generation of electricity from such **RE** sources shall be in accordance with such terms and conditions as may be stipulated in the relevant Orders of the Commission provided that the financial norms specified in Chapter 2, except with regard to Capital A Project-specific tariff shall be determined by the Commission on a case-to case basis for the following types of Projects:-

- a. Waste to Energy Projects based on the technologies approved by **MNRE** such as Municipal Solid Waste-based Projects;
- b. Projects based on any other RE technologies approved by **MNRE** after notification of these Regulations;

- c. Solar Thermal Power Projects in respect of which the Project Entities opt for a project specific Tariff, provided that, while determining the project-specific tariff for such Solar Thermal Projects, the Commission shall be guided by the provisions of Chapter 8;
 - d. Hybrid RE Projects based on RE technologies approved by **MNRE**, such as Wind-Solar Hybrid, Solar-Biomass Hybrid, and Solar-Co-Generation Hybrid;
 - e. Biomass-based Projects other than those based on Rankine Cycle technology application with water-cooled condenser;
 - f. Biomass Gasifier and Biogas-based Projects.
- The determination of project-specific Cost and Operation & Maintenance expenses shall be the ceiling norms while determining such project-specific tariff Cost and Operation & Maintenance expenses shall be the ceiling norms while determining such project-specific tariff.
 - **Regulation 11- Tariff Design:**
 1. Tariff shall be determined on a levelised basis considering the year of commissioning of the project for the fixed cost component
 2. The general principle for the purpose of computation of levelised tariff, a discount factor equivalent to the normative post-tax weighted average cost of capital shall be considered.
 - **Regulation 15- Loan and Finance Charges:**

The general principle for the purpose of determination of tariff, the loan tenure shall be considered as 12 years also for the purpose of computation of tariff, the Base Rate of the State Bank of India prevailing during the previous year plus 300 base points shall be considered as normative interest rate.
 - **Regulation 16- Depreciation:**

Annual Depreciation shall be based on the 'Differential Depreciation Approach' using the 'Straight Line Method' over two distinct periods comprising loan tenure and the period beyond loan tenure over the useful life.

depreciation rate for the first 12 years of the Tariff Period shall be 5.83% per annum, and the remaining depreciation shall be spread over the remaining useful life of the project from the 13th year onwards.

- **Regulation 17- Return on Equity:**

The general principle on the Return on Equity shall be computed at the base rate of 16%, to be grossed up as per the applicable tax rate and also the rate of Return on Equity shall be computed by grossing up the base rate with the tax rate equivalent to the weighted average of the Minimum Alternate Tax ('MAT') during the year for the first 10 years from COD, and the weighted average of normal tax rate during the year for the remaining years of Project life.

- **Regulation 19- Operation & Maintenance:**

Normative Operation and Maintenance expenses allowed under these Regulations shall be escalated at the rate specified in the Regulations of the Commission governing Multi Year Tariff over the Tariff Period, for computation of the levelised tariff.

- **Regulation 23- Reactive Energy Charges:**

The Reactive Energy Charges will be governed by general or specific Orders issued by the Commission from time to time, or as may be specified by the Commission in future.

- **Regulation 26- Capital Cost for Wind Energy Projects:**

The Capital Cost for Wind Energy Projects shall be considered as Rupees 600.74 Lakh/MW in the first year of the Review Period for the purpose of tariff determination, and shall be revised in respect of projects to be commissioned in each subsequent year as specified in Regulation 27.

- **Regulation 28- Capacity Utilisation Factor (“CUF”) :**

The **CUF** norms for Wind Energy Projects for the Review Period shall be as follows for the purpose of tariff determination:

Wind Zone	Annual Mean Wind Power Density (W/m ²)	CUF
Zone 1	<=250	22%
Zone 2	>250 - <=300	25%
Zone 3	>300 - <=400	30%
Zone 4	>400	32%

Provided that these **CUF** norms may be revised by the Commission through general or specific Order considering data that may become available subsequently.

- The annual mean wind power density specified in Regulation 28.1 shall be measured at 80 meter hub height, and State Nodal Agency shall certify the Wind Zone relevant to the proposed Wind Energy Project.
- For the purpose of classification of a Wind Energy Project in a particular Wind Zone class, the State Nodal Agency shall refer to the wind power density map prepared by the National Institute for Wind Energy.

- **Regulation 29- Operation & Maintenance Expenses:**

Normative Operation & Maintenance expenses for Wind Energy Project for the base year of the Review Period shall be 1.47% of the Capital Cost for the purpose of tariff determination and also the normative Operation & Maintenance expenses allowed under these Regulations shall be escalated at the rate specified in the Regulations of the Commission governing Multi Year Tariff, to compute the levelised tariff.

- **Regulation 30- Capital Cost for Small Hydro Power Projects:**

The normative Capital Cost for Small Hydro Power Projects during the first year of the Review Period shall be as follows:-

Project Size	Capital Cost (Rs. lakh/MW)
> 1 MW and upto and including 5 MW	605.28
> 5 MW and upto and including 25 MW	550.70

- **Regulation 34- Operation & Maintenance Cost:**

Normative Operation & Maintenance expenses for Small Hydro Power Projects for the base year of the Review Period for the purpose of tariff determination shall be as follows:

Project Size	O&M Expenses (Rs lakh/MW)
> 1 MW and upto and including 5 MW	3.60% of the Capital Cost.
> 5 MW and upto and including 25 MW	2.80% of the Capital Cost.

- **Regulation 38- Capital Cost of Biomass-based Power Projects:**

The normative Capital Cost of Biomass-based Power Projects shall be considered as Rs. 494.32 lakh/MW for the first year of the Review Period for the purpose of tariff determination, and shall be revised in respect of Projects commissioned in each subsequent year of the Review Period as specified in Regulation 39.

- **Regulation 42- Station Heat Rate:**

The Station Heat Rate for new the Biomass-based Power Projects shall be 4200 kcal/kWh for the purpose of tariff determination.

- **Regulation 43- Operation & Maintenance Expenses:**

Normative Operation & Maintenance expenses of Biomass-based Power Project for the base year of the Review Period shall be 5.32% of the Capital Cost for the purpose of tariff determination.

- **Regulation 49- Fuel Cost:**

The biomass fuel price shall be considered as Rs.3987/MT during the first year of the Review Period, and shall thereafter be linked to the indexation mechanism specified in Regulation 50.

- **Regulation 53- Capital Cost for Non-Fossil Fuel-based Co-Generation Projects :**

Capital Cost for Non-Fossil Fuel-based Co-Generation Projects shall be considered as Rs. 489.02 lakh/MW for the first year of the Review Period for the purpose of tariff determination, and shall be revised for Projects to be commissioned in each subsequent year as specified in Regulation 54.

- **Regulation 60- Fuel Cost:**

The price of bagasse shall be considered as Rs. 2326.84 /MT during the first year of the Review Period for Non-Fossil Fuel based Co-Generation Projects for the purpose of tariff determination, and shall thereafter be linked to the indexation formulae specified in Regulation 61.

- **Regulation 68- Technology Aspects:**

The norms for Solar PV Power Projects under these Regulations shall be applicable for grid connected PV systems at HT Voltage level that uses sunlight for direct conversion into electricity through Photo Voltaic technology as approved by **MNRE** provided that the norms specified under these Regulations shall be applicable to Gross Metering and not to Net Metering purposes.

- **Regulation 69: Capital Cost:**

The normative Capital Cost of a Solar PV Power Project shall be considered as Rs. 605.85 lakh/MW for base year for the purpose of tariff determination.

- **Regulation 71- Operation and Maintenance Expenses:**

The Operation & Maintenance Expenses for Solar PV Power Projects for the base year of the Review Period shall be Rs. 13 lakh/MW.

- **Regulation 74- Capital Cost:**

The normative Capital Cost of a Solar Thermal Power Project shall be considered as Rs. 1200 lakh/MW for base year for the purpose of tariff determination, provided that the Commission may deviate from this norm in case of project-specific tariff determination under Regulations 8 and 9.

- **Regulation 76- Operation and Maintenance Expenses:**

The Operation & Maintenance expenses for Solar Thermal Power Projects for the base year of the Review Period shall be Rs. 15 lakh per MW for the purpose of tariff determination.

- **Regulation 79- Power to Relax:**

The Commission may, by general or specific Order, for reasons to be recorded in writing and after giving an opportunity of hearing to the parties likely to be affected, relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

- **Regulation 80- Issue of Order and Practice Directions:**

Subject to the provisions of the Act, the Commission may from time to time issue Orders and Practice Directions with regard to the implementation of these Regulations.

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