

Solar PV Generation Policy to Private Sector Borrowers - Guidelines

Considering risk perception in the solar power generation projects, PFC may consider providing financial assistance in case of Grid connected Solar PV Private Sector Power Generation Projects, inter alia, subject to following minimum eligibility conditions : -

- i) The minimum size of the project to be considered for appraisal/financing of all Grid connected Solar PV Private Sector Power Generation Projects shall be 1 (one) MW.
- ii) Financing under this policy shall be limited to the projects in which PPA have been signed with entities having cash profit or are covered under Central schemes such as Jawaharlal Nehru National Solar Mission (JNNSM), Generation Based Incentive (GBI) etc.
- iii) Debt Equity (D/E) Ratio of the project shall not exceed 70:30.
- iv) The entire equity portion shall be brought upfront by the borrower.
- v) Power Purchase Agreement (PPA) for the entire generation should have been signed upfront for a period of not lower than PFC's loan repayment period.
- vi) Requirement of collateral securities shall be as applicable to Private Sector Generation Projects with rating of IR-5 (where PFC is Lead FI).

The Private sector borrowers with IR-5 are required to provide DSRA of at least 3 quarters.

The borrowers of solar power projects shall be required to maintain DSRA in Trust & Retention Account of at least 2 quarters (tentative demands including in respect of principal for 2 quarters) even during the period before COD of the project.

Such DSRA shall not be treated as part of the project cost and will be brought before last tranche of disbursement equivalent to 2 quarters DSRA.

Further, Personal Guarantees of the promoters may be released after 1 (one) year of satisfactory operation of the project.

- vii) Guarantees/Warrantees should be available under EPC Contract / Suppliers of panels, to the satisfaction of PFC, for the entire loan period.
- viii) The promoter(s) shall provide an undertaking that in case of any shortfall in the yearly revenue from the project in any financial year as envisaged at the time of appraisal by PFC, they shall provide Bank Guarantee of 1.25 times of such yearly revenue shortfall within 30 days from the closing date of such financial year. Such Bank Guarantee will remain in force till recoupment of the shortfall.
- ix) The projects shall be evaluated under integrated rating mechanism i.e. Entity Rating, Project Rating and Integrated Rating through combination of the said two.
