

Loan Scheme for Financing Rooftop Solar PV Grid Connected/ Interactive Power Projects
(Industrial, Commercial and Institutional)

1. Eligible Projects for Assistance

- I. Scheme is available for all Grid connected/interactive Solar PV projects located on Rooftops.
- II. Applications can be submitted under Aggregator Category and Direct Category.
- III. **Aggregator Category:**
 - a. Application can include either single project or aggregate multiple projects.
 - b. Minimum project capacity to be submitted shall be at least 1000 kWp.
 - c. Minimum capacity of sub projects under this mode shall not be less than 20 kWp.
- IV. **Direct Category:**
 - a. Applicants shall include projects from single roof owners only.
 - b. Minimum project capacity to be submitted shall be at least 1000 kWp.

V. General Applicant Eligibility norms.

As per "General Eligibility conditions" mentioned in Chapter 3 of IREDA "Financing Norms and Schemes" document.

2. Application documentation

- a) Applicants shall be required to submit loan application forms along with all attachments of required documents as per detailed checklist. Application forms and checklist is available at IREDA website.
- b) Projects can be located on single or multiple roofs. In case of multiple owner roofs, the same should be normally located within the geographical boundary of State/Discom (Single contiguous roofs are generally encouraged/ preferred). However, in the following circumstances, Project locations beyond single State/Discom boundary, may be allowed subject to meeting following conditions.
 - i. If the Loan application/Proposals is under PPAs with Govt. /Govt. owned institutions.
 - ii. In case of Loan applications/Proposals with Private PPAs, having minimum lock in period/tenure of 10 years, wherein the concerned PPA parties shall assign such PPAs including the payment security/termination payments, to IREDA.
- c) Projects under one application shall be required to be based on single revenue model.
- d) All Projects shall be required to comply with minimum technical standards as per MNRE /CEA guidelines for rooftop solar/distributed generation "CEA (Technical Standards for Connectivity of the Distributed Generation Resources) Regulations 2013".
- e) Applicants shall follow following general guidelines for Rooftop lease, Private PPA agreements.
 - Submit copy of legal document establishing roof ownership rights.

- Provision in Roof lease for free access to roof (project site) to system owner/contractor, IREDA/its authorized person during the currency of IREDA's loan.
- Provision in Private PPAs for Payment security mechanism (i.e. BG/revolving LC for 2 billing cycles) assignable to IREDA.
- Provision in Roof lease for No termination clause during the currency of IREDA's loan except under force majeure/performance. However, termination clause may be stipulated with appropriate termination payment which shall be either equal to or more than loan outstanding at the time of invocation of clause.
- Under third party PPA, applicant/ roof owner shall ensure that off-taker shall more than 80% of sanctioned load demand and is profitable Profit & Loss accounts for last 2 financial years.

3. Credit Rating, Interest Rates etc.

IREDA shall conduct credit rating for all grid connected projects and provides grading in a band of 5 grades (I, II, III, IV & V) based on the risk assessment. The interest rates are linked with the grades.

- a) As applicable from time to time.
- b) Special discounted interest rate (with a discount of 15 bps) for all solar rooftop PV projects being set up on government/PSU buildings.
- c) Maximum repayment period for the loan shall be up to 10 years, with the moratorium period of 12 months from the date of COD of the project. The maximum construction period shall be 12 months from first disbursement. However, upto 15 years' repayment period may be allowed for all the projects having private off takers, where minimum 80% of the off takers should have a credit rating of "A- or above."
- d) In case of Loan application/Project Proposals is under PPAs with Govt. /Govt. owned institutions, then the repayment period may be extended upto 10 to 15 years maximum, depending on cash flows, PPA tenure & DSCR of the project, with the moratorium of 12 months from the date of COD of the project. The maximum construction period shall be 12 months from first disbursement.
- e) COD of the project shall be considered from the date of commissioning of complete capacity as per application.
- f) Quantum of loan from IREDA shall be 70% of the project cost with minimum promoter's contribution of 30%. However, IREDA may extend loan upto 75% of the project cost on the basis of the creditworthiness of the promoter, track record, project parameters etc. as per the Financing Norms and Operational Guidelines of Rooftop Scheme.
- g) If the Borrower opts for providing Bank Guarantee, IREDA shall provide margin money for procuring the above BG. The eligible portion of margin money for funding shall be maximum 20% of the BG amount and the same shall be considered as a part of project cost.

4. Project Monitoring & Provision of Lender's Engineer

IREDA shall engage lender's engineer from IREDA's empaneled list of Lender Engineers for monitoring and quality assurance, safety issues in project construction and operational monitoring. Broad Roles and Responsibilities of LE shall include the following.

- a) Lender's engineer shall also provide its independent recommendations/comments on the quality and performance of project for minimum three instances i.e. one each at Pre- sanction, during construction and project commissioning.
- b) Lender's Engineer shall review pre sanction techno commercial feasibility including existing shadow profile, construction progress, and project commissioning & completion report.
- c) Lender's Engineer shall monitor compliance of applicable EHS norms including fire safety clearance on project site during construction and post commissioning.
- d) Lender's Engineer shall submit performance review of commissioned projects vis a vis envisaged at the time of appraisal/EPC contract and give its final Completion Report including its Recommendations and Observations.

5. Other Norms

Following Revenue Models shall be generally considered for the projects.

- i. **Captive Power Generation of roof owner.**
System aggregator and roof Owners shall enter into roof lease and O&M agreement for guaranteed solar generation. Direct applicants shall be required to submit O&M agreement for loan tenor or performance guarantee if self.
- ii. **Sale to Grid under Net Metering /PPA.**
Roof Owners enter into agreement with Discom and aggregator as per Net metering policy.
- iii. **Sale to Grid under Gross Metering PPA.**
Aggregator enters into agreement with Discom/third party and roof owner under Applicable solar Policy.
- iv. **Distribution licensee/ Govt. / Semi Government bodies provides appropriate funds.**
The DISCOM/Government/Semi Government bodies may appoint Aggregator to implement the Solar Facilities on its behalf for implementing projects.
- v. Other revenue models shall also be considered depending upon viability.
- vi. Following Project ownership Models shall be considered for the projects.
 - a. **Rooftops under the project are owned by single party.**
 - i. Either Aggregator or direct user can apply for loan.
 - ii. All project related agreements shall comply with conditions for roof lease and project PPA.
 - iii. Project's revenue model can be structured under any of the revenue based models as mentioned above, however all projects under the application shall be based on single revenue model.
 - b. **Rooftops and Projects owned by multiple parties.**
 - i. Application shall be through aggregator only.

- ii. Project shall be structured under solar lease model/ any other alternative revenue model notified above.
- iii. All project related agreements between aggregator and roof owners shall comply with conditions for roof lease and project PPA.
- c. Applicant shall be required to submit structure load bearing capacity, seismic load safety and wind load safety reports for highest wind speeds in the region for all sub projects from Structural expert/engineer/Civil engineer empaneled with local Government authority/Town Planning authority/Municipal Corporation.
- d. Regular Disbursement on pro rata basis shall be done as per the physical and financial progress of the project. Disbursement through reimbursement mode may be taken at sub project level.
- e. All other terms and conditions shall be as per IREDA's existing Financing norms.

6. Security Creation

- a) Company shall provide exclusive charge on plant & machinery by way of hypothecation of movable assets of the project along with the NOC for project installation/operation for solar rooftop PV Power plants for IREDA's loan tenor from premises owner.
- b) Company shall provide NOC from existing charge holders of building/premises on which project is to be installed to the effect that upon installation of the project, IREDA shall have exclusive charge on the project assets.
- c) For projects being set up on government buildings, IREDA shall explore for obtaining substitution rights for lease hold rooftops.
- d) Company shall provide an undertaking that roof lease rights shall be assigned to IREDA by way of undertaking to that effect.
- e) Company shall provide the collateral security i.e. mortgage of immovable non-agricultural properties in urban or rural areas (excluding waste/barren lands) (minimum 10%-20% of loan amount) and/or Bank Guarantee/FD depending upon the viability of the project and credit worthiness of the Company.
- f) Apart from above, IREDA shall also explore possibility of taking other securities such as personal and/or corporate guarantees etc.