

Policy for Financing Transmission Projects

1) **Purpose:** To provide term loan for implementation of Transmission Projects.

2) **Guidelines for deciding Eligible Projects for Financing:**

1. **Energy loss savers:** Implementation of Projects / investments resulting in higher efficiency/ reduction in losses in the transmission network promote energy efficiency. A few examples of such technologies (not exhaustive) are provided below:

- I. Replacement of HVAC lines with HVDC lines (25% lower line losses)
- II. Flexible AC Transmission Systems
- III. Gas-Insulated Substations
- IV. Uprating
- V. Replacement of line conductors with lower resistance conductors
- VI. Energy Management System (EMS) integration
- VII. Automatic Generation Control (AGC)
- VIII. AI-based Enterprise Asset Management System (EAMS) installation
- IX. Wide Area Measurement System (WAMS)/ Phasor Measurement Units (PMU) installation
- X. Renovation & modernization of transmission network resulting in lower losses

2. **Ancillary service:** Projects/ technologies which help provide stability to grid & support higher levels of RE integration into the grid. A few examples of such technologies, among others, are provided below:

- I. Energy storage development
- II. Substation automation
- III. Installation of Static VAR Compensators
- IV. Installation of Static synchronous compensators
- V. SCADA System Completion
- VI. GIS Rollout

3. **Green energy carriers** include transmission projects related to augmentation & development of greenfield transmission assets or addition of capacity to existing transmission lines.

To access whether a project can be classified as Green or not, projects can be classified 2 broad categories:

I. Projects that can be directly linked to a generation plant / source (Thermal or RE)

If a project is developed **for direct evacuation of RE capacities**, such as Green Energy Corridors and transmission network for evacuation of REZs & RE parks, then such transmission projects will be **directly responsible for grid integration of RE capacity**. **These projects can be funded.**

Likewise, projects that can be linked to **direct evacuation of non-RE generation plants will not be considered by IREDA for financing.**

II. Projects that CANNOT be directly linked to a generation plant / source (Thermal or RE)

For intra-state interconnection transmission projects, the funding is restricted to states as under: -

State RE Funding Percentage*	Maximum Loan percentage of Project Cost
States with share of estimated RE installation less than 25% of total estimated power capacity installation	0%
States with share of estimated RE installation greater than or equal to 25% and less than 50% of total estimated power capacity installation	80% for State Sector and 70% for Private
States with share of estimated RE installation greater than or equal to 50% of total estimated power capacity installation	90% for State Sector and 80% for Private

* State RE Funding Percentage = $\frac{\text{RE Capacity addition}}{\text{Total capacity addition}} \times 100$

State RE Funding percentage is to be calculated as per RE Capacity addition planned as per National Electricity Plan of the state wherein project is.

For Inter-STS interconnection transmission projects: Upto 90% for State Sector and 80% for Private

Apart from above, the General Eligibility Conditions must be complied with.

3) Security:

Private Entities: As per IREDA Norms

Govt. Entities:

- a) ESCROW cover of at least 1.1 times of installment of IREDA repayment obligation through default escrow mechanism or any another established mechanism.
- b) First/Pari Passu Charge on movable Assets.
- c) First/Pari Passu Charge on immovable assets, wherever feasible.

Or

- a) State Govt. Guarantee for the Loan. Till Guarantee is furnished, disbursement can be made against deposit of Promissory Note covering the loan amount with a validity of six months.

Note: If security is not created within stipulated time as per IREDA Norms, penal interest of 1% over and above applicable interest rate shall be charged for the till creation of security.

4) Joint Ventures:

1. In case of Joint Venture (JV) between Govt. and Private Entity where stake of Govt. Entity is 50% or above, DOP, Fee and Security Matrix of Government Entity Shall be followed.
2. In case of Joint Venture (JV) between Govt. and Private Entity where stake of Govt. Entity is less than 50%, DOP, Fee and Security Matrix of Private Entity Shall be followed.

5) Guidelines for Processing Loan Application:

1. All Projects/Assets which are installed for transmission of electricity as per applicable guidelines issue by State Government will be considered for financing under this Policy.
2. Appraisal and due diligence to be conducted as per norms stipulated for greenfield projects, as applicable.
3. In case of Energy Loss Savers and Ancillary Services Projects, it shall be ensured that the said project enables energy efficiency or higher level of RE integration.
4. All other terms and Conditions shall be as per existing Financing Norms and Operational Guidelines.