

MINISTRY OF POWER & RENEWABLE ENERGY
CABINET MEMORANDUMCabinet Memo No. PE/1907/100Ministry Ref. No. PE/1907/100Establishment of Solar Power Plants under Variable Price Option under
Competitive Bidding Process as Sooryabala Sangramaya Stage II**1. Background**

Having considered the facts given in the Cabinet Memo dated 22.11.2016 (Annexure I) of Hon. Minister of Power & Renewable Energy, approval was given for the followings by Cabinet Decision dated 06.12.2016 (Annexure II).

- I. To decide an upper benchmark of Rs. 18.37 per kWh for small solar power plants less than 5MW as per recommended by the tariff committee presented in Annex I
- II. To select investors through a competitive bidding process under variable price option within the upper benchmark of Rs. 18.37 per kWh, allowing a maximum of 1MW for an investor, for the 60MW solar power capacity scheduled to be developed in this year
- III. To order the General Treasury to appoint a Technical Evaluation Committee and a Procurement Committee for the procurement process for selecting investors for solar power projects as explained above.

Accordingly Ceylon Electricity Board commenced the procurement process and at present the proposals given by developers are being evaluated.

Now Ceylon Electricity Board has confirmed that they can absorb another 90MW to identified 17 grid substations as the 2nd stage. Hence it is necessary to commence the procurement process to connect solar projects to these identified grid substations.

2. Present Position

Under the procurement of 1MW x 60 projects, Ceylon Electricity Board had received 65 proposals. This cannot be considered as a reasonable respond from the developers for development of 1MW x 60 nos. of projects. It was realized that due to some issues in the selection criteria of basic policy framework, Ceylon Electricity Board got that respond from the developers.

Therefore the criterias of policy framework were reviewed. Accordingly following amendments were proposed to the original criterias of Basic Policy Framework. The new policy framework is attached as Annexure III

- I. The opportunity will be given to one legal entity to apply for any number of projects to any identified grid substation, limited to the absorption capacity of the grid substation.
- II. The land requirement is reduced upto 3 Acres. Accordingly proofs to be produced by the developer for the land requirement are as follows;

If it is a Private Land,

- a. It has to be submitted the certified lease agreement or agreement to lease out or deed of sale or promissory note for sale of particular land for the project, by a notary public or an Attorney at Law.
- b. Certified agreement for sale of land or intension of sale of land by a notary public or an Attorney at Law.
- c. Agreement for rent out the land
- d. If the developer is land owner, the deed

If it is a government Land

- a. If the land own to public institute, approval letter from the Secretary of the relevant line Ministry.
 - b. If the land belongs to Land Reclamation Commission (LRC), approval letter issued by LRC or letter issued by LRC indicating that land can be leased out or sold for this solar generation programme.
 - c. If the land owned by Government, approval letter from the Secretary of Ministry of Land.
- III. Though developer submit the proposal based on one land, developer can request to change the land during the project implementation, due to any practical difficulties.
 - IV. Simplify the requirement of existing methodology for submission of financing facility and based on the investors ability on putting equity. Hence there is no requirement of compulsory ratio between equity and loan.
 - V. Developer should get all the required approvals and to commence the commercial operation of the solar plant within 1 ½ years after awarding.

3. Proposal

To implement 2nd stage of small scale solar projects approval of Cabinet of Ministers is sought for following proposals.

1. To implement 2nd Stage of 1MW x 90 nos. of small scale solar projects by inviting open competitive bids from developers to connect identified grid substations. The list of the grid substations are attached as Annexure IV
2. To amend the original policy framework approved by the Cabinet of Ministers by its decision dated 06.12.2016 and to follow new policy framework at Annexure III for the procurement process.
3. To decide an upper benchmark of Rs. 18.37 per kWh for this project for competitive bidding process.

4. Approval

Approval of the Cabinet of Ministers is sought for the proposals given in Section 03.

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