

IFCCI ENERGY & UTILITIES COMMITTEE

RENEWABLE ENERGY BUSINESS IN INDIA Questionnaire for White Paper

Kindly return with your answers by 23rd August 2019

The Indo-French Chamber of Commerce & Industry (IFCCI) with the support from the French Embassy in India intends to prepare a white paper on doing renewable energy business in India, to be submitted to the Ministry of New and Renewable Energy, Government of India (MNRE). This white paper will highlight key sectoral issues and propose changes to the existing policies, contractual and regulatory frameworks and transaction structures governing the development, integration and implementation of renewable energy projects with focus on projects such as electric mobility, energy storage, solar pumps, off-grid lighting and other services typically provided by Energy Service Companies (ESCOs) to facilitate greater private sector participation and FDI in India.

In preparing this white paper, we would greatly value any inputs or suggestion that you may have. To this end, we have prepared this short survey to gather your views on some of the key issues in the energy sector. We will be happy to conduct a telephonic discussion to go over these issues and questions and seek your detailed views on them.

We thank you for the time you shall give to this questionnaire as this shall be a masterpiece of our preparation of the White Paper.

Company Name:

Delegate Name:

Section A Focus Sectors and Business Models

1. Which of the following best identifies your business:

- ESCO
- Independent power producer
- Engineering, procurement and construction contractor
- Equipment manufacturer
- Energy Services provider
- Investor
- Financing institution
- Consultant
- Any other (please describe)

2. Which of the following energy sector(s) are you interested in doing business in India (*please rank the sectors in order of priority*):

- Electric Mobility
- Rooftop and Distributed Solar
- Customer energy solutions
- Energy Conservation Solutions
- Retrofitting

- Batteries/ Energy Storage
- Solar Street Lighting
- Operations and Maintenance of Existing Energy Projects
- Mini and Micro Grids
- Renewable Power Development (Wind, Solar, Hybrid, Hydro, Waste-to-Energy, off shore wind etc.)
- New technologies like Hydrogen as fuel
- Any other (please describe)

(each sector identified by you above is hereafter the **Identified Sector**).

3. In your experience of setting up and operating a business in the Identified Sector, how much time did you spend on the following:

	< 30 days	1 to 3 months	4 to 6 months	7 to 12 months	1 to 2 years	> 2 years	Not applicable
<i>Starting the business</i>							
<i>Obtaining approvals</i>							
<i>Acquiring land</i>							
<i>Closing the business</i>							

Any other comments:

4. How do you perceive the current energy business climate in India? Please give your reasons.

- Favourable
- Neutral
- Not-Favourable

5. Please rate your level of satisfaction with the following components of energy business environment in India:

	Very Poor	Poor	Satisfactory	Good	Excellent	Not Relevant
<i>Stability and effectiveness of the political system</i>						
<i>Security and effectiveness of the legal system</i>						
<i>Regulatory framework</i>						
<i>Environmental regulations</i>						
<i>Enforceability of contracts</i>						

<i>Taxation policies</i>						
<i>Ease of financing</i>						
<i>Availability of power</i>						
<i>Availability of skilled manpower and labour</i>						
<i>Responsiveness of the relevant government ministries and bodies</i>						

Any other comments:

6. In terms of favourable energy business environment, which three states (in order of preference), according to you, are among the top performers? Please specify reasons to support your view.
- 1.
 - 2.
 - 3.

Comments:

7. Which of the following forms the major part of the customer base for your business in the Identified Sector?
- Government departments/agencies;
 - Urban Local Bodies;
 - Public Sector Utilities;
 - Private Companies;
 - NGOs;
 - Residential Households;
 - Individual Consumers;
 - Any other (please specify)
8. In the context of barriers to accelerating deployment of energy services in the Identified Sectors, please rank the following barriers (1 – Strongest barrier and 6 – weakest barrier). Please also describe briefly describe the issues, if possible:
- Cost (capital and operational cost);
 - Lack of financings;
 - Credit worthiness of counterparties (State Discoms/institutions), Payment delays
 - Uncertainty over respecting the contracts and sudden changes in laws sometimes wit retrospective applicabilty
 - Lack of assets that can be hypothecated/mortgaged;
 - Lack of policy directives from central and state government;
 - Lack of institutional arrangement to encourage investment in energy services;
 - Lack of sufficient information, understanding or technical knowledge on the part of the customer;
 - Lack of access to latest technologies;
 - Lack of proper institutional mechanisms for coordination among various government agencies and stakeholders;
 - No familiarity of financial institutions with appraising energy services projects and documentation involved;

- Lack of affordable technologies suitable for local conditions;
 - Lack of trained manpower;
 - Any other (please describe)
9. Are the policy directives/regulations on project implementation in the Identified Sector clear on the approval requirements, incentives, concessions, exemptions, tax structure etc. for the promotion/development of businesses in the Identified Sector?
10. In your experience, what are the factors contributing towards the success or failure of energy & energy services related projects in the Identified Sectors?

Section B Pilot Projects and Procurement

11. While India has significant renewable energy capacity installed as well as under construction, there are several technologies that are at the pilot project stage as well. Are there any technologies/ services that you would like to be introduced in India or pilot schemes envisaged for?
12. For pilot projects which have been identified in response to Question 11 above, what would be your expected timeline for implementation of such projects?
13. To encourage private participation in the Identified Sector, would it be useful for the Government to issue model guidelines and model bid documents to implement energy services projects on a public private - partnership basis?
14. What are your views on the bid processes conducted for projects in the Identified Sectors, particularly in the context of:
1. adequacy of the bid parameter(s);
 2. whether there should be quality and cost-based selection (**QCBS**) or just cost based selection (**CBS**);
 3. in case of QCBS, what is the kind of weightage that you would like to see in technical proposal and financial proposal; and
 4. sufficiency of the technical qualification criteria to be met by bidders.
 5. Whether you would recommend another kind of bidding process / other parameter on bidding processes
15. In the context of QCBS procurement, which non-price factors are likely to reduce development and implementation risks for energy services projects in the Identified Sectors?
16. What kind of bid parameters would you prefer for energy services tenders in the Identified Sectors:
- Tariff/ Price per unit for which services are provided
 - Lump sum long life cost
 - Viability gap funding
 - Generation based incentive
 - Any other (please describe)

17. In the recent past there have been instances where the bidding authority has asked the bid participants to match the tariff quoted by the lowest bidder for award of a contract. In this light, do you think the concept of requiring shortlisted bidders to match the lowest tariff after conducting the tender process will promote competition or be counter-productive to the Identified Sector?

Section C **Bankability and Payments**

18. In your experience, do existing bid documents for energy services projects in the Identified Sector(s) have an adequate payment security mechanism to secure payments of the private operator?
19. What payment security mechanisms would you recommend to enhance the bankability of the projects in the Identified Sector(s)? In this regard, please rank the following typical payment security mechanisms in order of their importance (1 – Most important and 5 – least important):
- Letter of credit
 - Escrow account
 - Payment security fund
 - Government of India guarantee
 - State Government guarantee
 - Any other (please describe)
20. If the bid documents / project, contracts provide for a particular form of payment security. Are these often provided in practice?
21. For the services rendered by your business, how often do you encounter payment delays by your customer?
- Always
 - Very frequently
 - Occasionally
 - Rarely
 - Never
22. For the services rendered by your business, what is the typical payment delay that you encounter from your customers?
- < 1 month
 - 1 – 2 months
 - 3 – 6 months
 - > 6 months
23. In a case of delay of payments, to how much do you value (in terms of percentage of the gross margin of a Project) the financial impact of these delays?
24. In the context of key bankability issues in constructing, operating and maintaining of projects, please rank the following risks (1 – Highest risk and 6 – Lowest risk):
- Lack of credit-worthy off-taker;

- Absence of payment security mechanism;
 - Non availability of payment security despite the bid documents/contract providing for one;
 - Delay in land availability;
 - Delay in availability of power evacuation infrastructure;
 - Delay in grant/renewal of permits and consents by government bodies; and
 - Absence of termination compensation;
 - Lack of innovative market-based financing mechanisms;
 - Any other risk (please describe).
25. What type of incentives / concessions would you like to see the Government (Central or State) to provide to increase the participation of businesses and bankability of projects in the Identified Sector(s)?
26. How do you view the uncertainty of honouring the contracts in terms of PPAs?