



Replies to the additional queries sought by SPDs with respect to 2000MW Pavagada Solar Park

Clause	Query	Reply
“Recital e.” of the Lease Agreement	Please clarify the tentative date of signing of Implementation Agreement and Land Sub Lease Agreement. Will it be close to PPA signing or Financial Closure?.	Within one month from date of signing of PPA by SPD with NTPC, KSPDCL will sign Implementation Support Agreement and Land Sub Lease Agreement with the SPDs selected through competitive bidding.
	We understand that the purpose of a Lease Period more than that of the PPA validity of the Project is to incorporate Construction Period, Delays, dismantling period, etc. However, the NTPC RFS specifies Lease Requirement of 27 years. Please clarify the period of additional 1 year.	KSPDCL is proposing to sub lease the land for a period of 28 years to cover construction Period, dismantling period, etc as under: <ul style="list-style-type: none"> • 1 ½ years (18 months) period for pre commissioning. • 25 years PPA period (useful life of solar plant). • 1 ½ years (18 months) for dismantling.
“Article 2. Lease Period” of the Lease Agreement	<p>The Lease Period has been specified to be 25 years from CoD.</p> <p>This implies that, from above, the additional period of 3 years will have to account for activities before CoD.</p> <p>For this particular reference, please clarify the following:</p> <p>1. Will the Lease Rental of the additional 3 years be payable at Lease Agreement signing, upfront?</p> <p style="text-align: center;">OR</p>	<p>Lease Rental for the additional 3 years shall not be payable upfront at the time of signing of Lease Agreement.</p> <ul style="list-style-type: none"> • From the date of Principal Lease Agreement, the Lease Rent shall have to be paid annually by SPDs for the lease period of 28 years as detailed below: <ul style="list-style-type: none"> ○ 1 ½ years (18 months) period for pre commissioning. ○ 25 years PPA period (useful life of solar plant). ○ 1 ½ years (18 months) for dismantling. • For instance if the Principal Lease Agreement is entered into with the farmer during Jan 2016 and the Land Sub Lease Agreement is entered into with the SPD during June 2016, the SPD shall have to pay the land lease rent on pro rata basis for the period Jan 2016 to March 2016 and the annual lease rent for the FY 17 at the time of signing land sub lease agreement. Lease rent for the subsequent

	<p>Lease Rent of 2 years will be payable at Lease Agreement signing and 1 year, in case of a delay in CoD? Also, if there is no delay, will the 25 year Lease Period begin, effectively annulling the Lease Payment of 1 year (accounting delay) or will it still be payable?</p> <p>2. If, from above, we assume 27 or 28 years Lease Payable, please clarify the Lease Amount payable at the first year, after COD. Will it be considering escalation of 2 years or 3 years?</p>	<p>years shall be payable by 30th April of each FY.</p> <ul style="list-style-type: none"> The annual lease rent payable by SPD is as per the schedule 2 of land sub lease agreement.
	<p>Let us say that the Principal lease Agreement is signed in the mid (October-15) of the year, and Lessee signed the Land Sub Lease agreement in May-16, so at the time of signing the agreement, lessee will pay October 15 – May-16 (according to INR 1,20,000/-) and May-16 to Apr 17 (according to INR 1,20,000/-). Please clarify if this understanding is correct.</p>	<p>As clarified above.</p>
<p>As per clause 6.1</p>	<p>“The Lessee shall pay compensation as determined by the Appropriate Authorities to Lessor if Horticultural trees/agricultural crops/yielding bore-wells/buildings in good condition exists in the sub blocks allotted to them.” Request you to please provide us some estimated cost.</p>	<p>Horticultural trees/agricultural crops/yielding bore-wells/buildings in good condition are to be assessed by the Committee which is yet to be constituted by GoK.</p>

<p>As per clause 8.10, Local Area Development</p>	<p>“As per the MNRE guidelines, 1% of the total investment made for setting up solar power project in the solar park is to be kept aside by the SPD for the local area development, under solar park development fund account.” Please guide us, the entire payment is to be made up front, or into Five equal installments after COD.</p>	<p>In this regard, it has been decided to collect 1% of the total investment made from Solar Power Developers for setting up solar power project in the solar park towards local area development fund in 5 equal installments after COD for 5 years, as detailed below: First Installment –To be paid within 30 days from the date of COD Second to Fifth Installments –To be paid before 30th April of subsequent financial year.</p> <p>Penalty for delayed payment – As per Clause 6.9 of Draft Implementation & Support Agreement.</p>
	<p>Please provide a tentative date for signing of the Principal Lease Agreement, which will be important to calculate the First Year payment towards Land Lease, to be incorporated into our Capital Expenditure.</p>	<p>Principal Lease Agreements with the farmers are being signed since Jan 2016 and likely to be completed by March 2016.</p>

Sd/-
Chief Executive Officer
KSPDCL