

No.: 318/17/2024-Grid Connected Rooftop (Part-10)
Ministry of New and Renewable Energy
Government of India

Atal Akshay Urja Bhawan
Lodhi Road, New Delhi-110003
Dated: 18. 07.2024

Office Memorandum

Subject: Operational Guidelines for Implementation of Component "Incentives to Discoms" under PM-Suryaghar: Muft Bijli Yojana.

This refers Ministry's order No. 318/17/2024-GCRT Division dated 16th March 2024 vide which sanction was issued for the PM-Surya Ghar: Muft Bijli Yojana, aimed at installing rooftop solar plants in one crore households, with a total financial outlay of Rs. 75,021 crore.

2. The Operational Guidelines for Implementation of Component "Incentives to Discoms" under PM-Surya Ghar: Muft Bijli Yojana is enclosed.
3. This issues with the approval of competent authority.


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To

1. ACS/Principal Secretaries/Secretaries (Renewable Energy/Energy/Power) of all States/ UTs
2. CMDs/MDs of Discoms/State Nodal Agencies of all States/UTs

Copy for information to:

1. PS to Hon'ble Minister of New & Renewable Energy
2. PS to Hon'ble Minister of State of New and Renewable Energy
3. PPS to Secretary/AS/JS/JS&FA, MNRE
4. All Advisers & Group Heads
5. Director (NIC) for uploading on Ministry's website

Guidelines for PM-Surya Ghar: Muft Bijli Yojana

Incentives to DISCOMs

1) Background

- a) The Government of India has approved the PM Surya Ghar: Muft Bijli Yojana on 29th February, 2024 to increase the share of solar rooftop capacity and empower residential households to generate their own electricity. The scheme has an outlay of Rs 75,021 crore and is to be implemented till FY 2026-27. The administrative approval was granted to the scheme vide Order No. 318/17/2024-Grid Connected Rooftop dated 16th March, 2024.
- b) The scheme will be implemented by a National programme Implementation Agency (NPIA) at the National level and by the State Implementation Agencies (SIAs) at the state level. The Distribution Utility (DISCOMs or Power/Energy Departments, as the case may be) shall be the State Implementation Agencies (SIA) at the State/UT level.
- c) Under the scheme, the DISCOMs shall be required to put in place several facilitative measures for promotion of rooftop solar in their respective areas such as availability of net meters, timely inspection and commissioning of installations, vendor registration and management, inter-departmental convergence for solarizing government building etc. It is also expected that rooftop solar installations shall be undertaken by the commercial and industrial segments under the DISCOM areas.
- d) In order to enable DISCOMs to undertake these tasks more effectively and to create a greater motivation within DISCOMs as SIAs for the scheme, the PM Surya Ghar: Muft Bijli Yojana has a provision to incentivize DISCOMs.
- e) The Ministry of New and Renewable Energy (MNRE) was implementing the Grid Connected Rooftop Solar (GCRT) Phase II Programme under which Incentives to DISCOMs were provided under Component B. After the approval of PM Surya Ghar: Muft Bijli Yojana, the Phase II programme has been subsumed under the new scheme. This scheme component will operate in continuation of the Component B of GCRT Phase II programme.

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2) Scope

- a) These guidelines shall govern the implementation of the “Incentives to DISCOMs” component of PM - Surya Ghar: Muft Bijli Yojana.
- b) The Incentives to DISCOMs shall provide resources to the DISCOMs to participate in IEC and branding activities, create conducive regulatory and administrative mechanisms to ensure adherence to timelines for approvals (feasibility, commissioning, inspection, grievance redressal etc.), achieve targets for implementation, ensuring timely availability of net meters, saturation of RTS on government buildings, utilization of incentive for RTS dedicated activities, incentivizing field level staff through recognition and rewards and other measures that are to be undertaken by the State DISCOMs or other agencies for RTS deployment.

3) Criteria

Incentives to DISCOMs will be based on achievement in installation of additional grid-connected rooftop solar capacity in all sectors over and above the base level (as per the data available under the Grid Connected Rooftop Solar Phase II scheme), with the incentives being limited to the first additional 18,000 MW of rooftop solar capacity in the country (since beginning of operation of Phase II programme). This incentive is pegged at 5% of applicable benchmark cost for capacity achieved above 10% and less than 15% of the installed base capacity, and 10% of the applicable benchmark cost for capacity achieved beyond 15% of the installed base capacity.

4) Implementation

- a) The incentives will be calculated on the basis of incremental RTS capacity installed by the DISCOMs in their distribution area from the installed base capacity (at the end of previous financial year) within the timeline of 12 months (financial year-wise, i.e. 01.04.2024 to

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31.03.2025 and so on till the duration of the programme). The incentive pattern would be a progressive one with higher incentive rates for higher levels of achievement, as elaborated in the following table: -

S. No.	Parameter	Incentive to be Provided
1	For installed capacity achieved above 10 % and up to 15 % over and above of the installed base capacity* within a financial year	5% of the applicable cost** for capacity achieved above 10 % of the installed base capacity
2	For installed capacity achieved beyond 15 % over and above of the installed base capacity* within one financial year	5% of the applicable cost** for capacity achieved above 10 % and up to 15 % of the installed base capacity PLUS 10 % of the applicable cost** for capacity achieved beyond 15 % of the installed base capacity

**Installed base capacity shall mean the cumulative RTS capacity installed within the jurisdiction of DISCOM at the end of 31st March of the year preceding the year for which the calculation is being done. This will include total RTS capacity installed under residential, Institutional, Social, Govt., PSU, Statutory/ Autonomous bodies, Private Commercial, Industrial Sectors etc. Incentive to DISCOMs for the year 2024-25 shall, therefore, be calculated on the basis of baseline capacity of DISCOMs as on 31st March, 2024.*

*** Applicable Cost is the applicable benchmark cost of MNRE for the State/ UT for RTS capacity of 1 kW, which is currently Rs 50,000 for general States and Rs 55,000 for special category States. In case the benchmark cost is revised in the middle of the financial year, the incentive shall be calculated on the basis of the weighted average benchmark rate for that financial year, weighted as per the number of days for which the benchmark rate was operational.*

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The incentive mechanism has been illustrated in the following table:

DISCOMs	Installed base Capacity (MW)	Achievement under programme (MW)	Percentage Achievement of installed base capacity (%)	Capacity eligible for 5% incentives (MW)	Capacity eligible for 10% incentives (MW)
A	100	10	10%	Nil	Nil
B	100	12	12%	2 MW	Nil
C	100	20	20%	5 MW	5 MW
D	100	30	30%	5 MW	15 MW

Note: The capacity eligible for incentives by DISCOMs would cover the entire capacity installed including the capacity installed without CFA and with CFA.

- b) The Incentives to the DISCOMs would be available only for the addition of initial 18,000 MW RTS capacity in the country after 31st March 2019. In case, higher capacity is achieved by the DISCOMs leading to entitlement for higher incentive slab of 10%, the total incentives to the DISCOMs would be limited to the financial outlay available for incentive under the programme, irrespective of the total capacity achieved under the programme by any particular DISCOM.

The DISCOMs shall upload the details of the total RTS capacity added within their jurisdiction on the National Portal in order to authenticate their submission of claim for release of incentive component for the respective DISCOM.

5) Financial Outlay and Scheme Transition

- a) The total financial outlay for Incentives to DISCOM component of the scheme is Rs. 4,950 crore. This outlay for GCRT Phase II scheme shall be subsumed into the scheme component "Incentive to DISCOMs" under PMSG:MBY, and all expenditure incurred

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and liabilities arising under the GCRT Phase II Component B shall be covered under the overall outlay.

- b) Claims arising under GCRT Phase II Scheme Component B: Incentive to DISCOMs (for incentive claims for FY 2022-23 and before) shall continue to be guided by the scheme guidelines issued for GCRT Phase II.
- c) Claims arising under PM Surya Ghar: Muft Bijli Yojana (for incentive claims for FY 2024-25 and after) shall be guided by current guidelines.
- d) The claims for FY 2023-24 shall be calculated after taking a weighted average of the applicable benchmark costs, weighted as per the number of days for which the benchmark was operational. Under GCRT Phase II, the national benchmark was Rs 36,470/kW till December and later revised to Rs 45,000/kW in January. The benchmark was pegged at Rs 50,000 under the PM Surya Ghar: Muft Bijli Yojana from the date of the scheme launch, viz 13th February. The baseline date for calculation shall be 31st March, 2023.

6) Utilization of the funds

- a) The total incentives to a DISCOM shall be in the nature of untied funds, except for the following mandatory provisions.
 - i) DISCOMs shall create dedicated RTS teams at Discom HQ, Circle, till division level, by provisioning for hiring of contractual manpower within the scheme, or to include RTS related services in the duties of outsourcing companies hired by DISCOMs. The RTS division shall be responsible for registration of vendors on the National Portal, up gradation in ERP system/components and integration with national portal and national dashboard, providing time bound services to RTS consumers, inspection and online monitoring of RTS plants, online database management of commissioned capacity, consumer awareness and publicity, ensuring availability of net-meters, providing grid connectivity, capacity building of its officers/staff, etc.
 - ii) The DISCOMs shall allocate 10% of the incentives received (up to Rs. 1 crore) for

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- rewards system for DISCOM officials and functionaries. The model rewards system framework is outlined in Annex 1, which may be modified by the DISCOM as per its own requirement. The expenditure for the rewards system shall be borne through the Incentives to DISCOMs component. If the incentives to DISCOMs component is insufficient to meet the same, the balance expenditure may be borne through the Service Charge scheme component received by DISCOM.
- iii) The DISCOM shall allocate at least 50 % of the incentives (up to Rs 1 crore of allocation per division) for dedicated utilization at the division and subdivisional level. This provision shall be utilized by the Division and Sub-divisional units for administrative expenses, outsourcing of services for facilitating rooftop solar related activities, payment for contractual/outsourced/other positions for manpower utilized primarily for rooftop solar related activities, capacity building activities, organization of consumer-vendor-bankers melas, IEC activities, grievance redressal, establishment of meter testing benches and associated manpower and improving consumer experience for rooftop solar installation and related activities
- b) The utilization of the funds shall not be double accounted with any other central scheme (like Revamped Distribution Sector Scheme (RDSS), Integrated Power Development Scheme (IPDS), Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) or Prime Minister's Development Package (PMDP)-2015), and that the audited report shall be attached with the Fund Utilization Report.
- c) The DISCOMs shall submit a fund utilization plan in adherence to the above clauses while submitted the claim. The above mentioned expenses incurred by the DISCOM after release shall be duly recorded in the Fund Utilization Report along with the necessary receipts, where ever applicable, before the DISCOM submits the claim for the next financial year. Failure to submit either the fund utilization plan at the time of claim submission or the fund utilization report or failure to adhere to the provisions of these guidelines shall make the DISCOM claims liable to be rejected.

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- d) No incentive amount remaining after utilization under clauses a (i) and (ii) above can be used by the DISCOM as a part of their balance sheet until the obligatory terms and conditions of utilization of DISCOM incentives have been met.
- e) As the incentives are proposed for specific expenditure mentioned above, the incentives may not be a part of Tariff Determination & Tariff Rationalization process of respective Electricity Regulatory Commission.

7) Release of Funds

- a) The DISCOM shall raise a claim to the Ministry for release of funds under this scheme component for each financial year. Claims raised under GCRT Phase II shall be processed as per guidelines for GCRT Phase II. Claims raised under PM Surya Ghar for 2024-25 onwards shall be processed under these current guidelines. The Ministry shall process these claims based on submitted data and release the funds accordingly.
 - b) The release of fund under this scheme component from 2025-26 onwards shall be subjected to the submission of the **Fund Utilization Report** by the DISCOM in alignment with the compliance with these guidelines.
 - c) The Implementing agency will remit the accrued interest and other charges to Consolidated Fund of India as per Rule-230(8) of GFRs 2017.
- d) **Amendment of the Scheme Component of the Guideline**
- a) MNRE may make necessary amendments in the scheme guidelines for DISCOM incentives component within the overall spirit of the cabinet approval or issue any clarification to remove difficulties in the implementation of the scheme, as and when required, with the approval of the Hon'ble Minister, New and Renewable Energy.

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Annex 1

Indicative Rewards System for Rooftop Solar Promotion for DISCOM Personnel

1. The DISCOM shall establish a quarterly ranking system for all divisions under its command.
2. The Ranking of the divisions and sub-divisions shall be undertaken by the formula:

*No. of RTS installations in the sub-division*30% (weightage) + Number of RTS installations in the residential sector under PM Surya Ghar Scheme in the subdivision*70% (weightage).*

An illustration of the methodology is shown below:

S. No.	Division	Sub-Division	Installed Capacity (MW)	Residential installed capacity (MW)	Points earned	Sub-Division Ranking
1	Division 1	Sub-division 1	50	23	31.1	2
2	Division 1	Sub-division 2	20	4	8.8	4
3	Division 2	Sub-division 1	5	3	3.6	6
4	Division 2	Sub-division 2	40	32	34.4	1
5	Division 2	Sub-division 3	32	19	22.9	3
6	Division 2	Sub-division 4	18	8	11	4

3. Based on the rankings, the top 3 performing Subdivisions shall be identified. The concerned officials in charge of the subdivision shall be awarded with a honorarium as follows:

S. No.	Official rank or Equivalent	Award
1	Chief Engineer	Rs. 15,000
2	Superintendent Engineer	Rs. 30,000
3	Executive Engineer	Rs. 45,000

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4	Assistant Engineer	Rs. 10,000
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4. The officer in charge of the sub-division shall ascertain 3 top performing sub-ordinates who have impacted rooftop solar deployment in the sub-division most substantially who shall be rewarded with a cash honorarium of Rs 10,000. These may include contractual or outsourced staff, as long as the officer in charge of the subdivision has determined that the concerned staff has made significant contribution in maximizing rooftop solar deployment within the sub-division.
5. Officials at the level of Chief Engineer, Superintendent Engineer and Executive Engineer may be eligible for the award for multiple sub-divisions, hence they shall not be granted for multiple awards and shall be limited to redeem the award once in a given quarter.
6. The MD/CEO of the DISCOM is authorized to also grant up to 3 Special Category Award for an amount of Rs 10,000 for officials/staff in the RTS division/cell in the DISCOM. The awards shall be given to three different officials/staff allocated to work dedicatedly in the RTS division under this category.
7. The MD/CEO of the DISCOM may decide to withhold the operation of the rewards systems to the extent necessary in case the achievement of Rooftop solar even in the winner subdivisions is not satisfactory. Savings from the rewards allocation shall then be utilized at the Division level for other RTS related activities.

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