

Unique Business Model of SECI

In view of ambiguity regarding SECI's Business Model, the following information may be noted for understanding the role of SECI in setting up Renewable Energy (RE) Projects through developer mode:

SECI has been named as one of the Renewable Energy Implementing Agencies (REIAs) by the Ministry of New and Renewable Energy (MNRE) which is continuously working towards fulfilling national RE target of 500 GW installed capacity from non-fossil sources by 2030.

As per this model, the Ministry of New and Renewable Energy (MNRE) and Ministry of Power (MoP) issue standard bidding guidelines for Solar, Wind, Hybrid, Round The Clock (RTC) etc tenders. SECI (as well as other REIAs) floats tenders as per the Bidding Trajectory allocated by MNRE using transparent electronic bidding method wherein all private/public parties are allowed to participate.

After the e-bidding and e-Reverse Auction process, lowest tariffs are discovered and capacity is offered to DISCOMs across India for procurement of power. The same is also put up on SECI's official website to enable various DISCOMs to avail the capacity at the discovered tariff. The DISCOMs, then approach SECI with their requirement of RE power. One bid normally consists of multiple developers and buyers. In some cases, bidders also suo-moto reduce the discovered tariff if subsequent to bidding process, tariff have come down and no DISCOM is willing to buy at discovered tariff.

DISCOMs, based on their internal approval process, provide their consent for offtake of power to SECI, after which SECI enters into Power Sale Agreement (PSA) with the concerned DISCOM.

After signing of the PSA, SECI enters into Power Purchase Agreement (PPA) with the selected bidders.

During project implementation, SECI monitors the progress of projects and aids in resolution of issues.

Post project commissioning, SECI, as an intermediary power trader, procures the electricity generated by the projects and in turn sells it to the DISCOMs as per terms of the PPA/PSA respectively.

SECI's involvement in the projects as a power procurement intermediary, has the following benefits:

- a. Due to higher credit rating of SECI, developers are able to arrange better financing options which improves project's viability.
- b. Due to presence of SECI as contractual counterparty, lower RE tariffs are discovered which ultimately benefit the end consumer.
- c. SECI has never defaulted on its payment commitments to project developers even when there is delay in receipt of payments from DISCOMs.

Till date, SECI has awarded approximately 70+ GW of RE tenders.

Flow of SECI's Business Model

