GUIDELINES FOR THE IMPLEMENTATION OF SOLAR POWER DEVELOPMENT PROGRAM -2013

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Ministry of Power, Energy and Mineral Resources
Government of the People's Republic of Bangladesh

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Chapter 1

1.0 Background

1.1 Power is a very important factor to economic growth, poverty reduction, and social development. To upgrade citizen's quality of life, regular use of electricity in residential, commercial, agricultural, and industrial sector are creating an increasing demand for electricity. However, power crisis has been created in consequence of inadequate generation, which was not in line with demand. Recognizing this fact, present government has prioritized this sector and initiated diversified development programs. To generate power in consistent with the demand-quick, short, medium, and long-term programs have been initiated. All over the world it is widely accepted that, a sustainable power supply cannot be established depending only on perishable fossil fuel source. The Power System Master Plan-2005 considered natural gas as the main fuel for power generation. Considering the present reality, Power System Master Plan 2010 has been prepared, which has suggested to decrease much dependency on natural gas to diesel, furnace oil, coal, renewable energy, and nuclear energy sources for the generation of electricity.

1.2 Present government, in parallel with the power generation from conventional energy sources, has taken timely steps for promoting environment friendly power generations from renewable energy sources. Renewable Energy Policy has already been approved. In the policy, main sources of renewable energy are from solar power, wind power, biomass, hydro, bio-fuels, geothermal river current, sea waves and tidal etc. In the Renewable Energy Policy targets have been set for meeting five percent (5%) of the total power generation by 2015 and ten percent (10%) by 2020 from renewable energy sources. In order to meet this target, 800MW of electricity to be generated from renewable energy resources by 2015 and 2000 MW by 2020.

1.3 **500 MW Solar Power Generation Program:** Based on the declared targets in the Renewable Energy Policy, 500 MW Solar Power Generation Plan has been launched recently, as a part of generation of power from renewable energy sources. Under 500MW Solar Power Generation Plan, there would be two types of projects:

(a) Commercial Solar Power Projects
(b) Social Solar Power Projects

Commercial projects will mainly run on the basis of business from the service charges to be provided by the beneficiaries. Social Projects will be based on grants and will be developed as the government's commitment to its people. Following projects are identified under Commercial and Social Sector Solar Power Projects:

(a) Commercial Projects:

(1) Setting up Solar Parks in the vacant & fallow government & privately owned lands in "Build, Own and Operate" (BOO) basis through private sector;
(2) Setting up solar mini-grid in the off grid areas, through Private Sector;
(3) Installation of solar roof-top in the residential and commercial buildings;
(4) Setting up of solar power system in the industrial establishments;

(5) Setting up of solar projects in the government and semi-government owned buildings through IPP model under private sector;
(6) Replacement of diesel powered irrigation pumps by the solar irrigation pumps;

(b) Social Projects:

(1) Solar electrifications in the Rural Health Centers;
(2) Solar electrifications in the educational institutions at remote areas;
(3) Solar electrifications in the Union Information Service Centers;
(4) Solar electrifications in the religious institutions, which do not have electricity connections;
(5) Solar electrifications in the railway stations at remote areas;
(6) Solar electrifications in the government offices in off grid areas;

1.4 *Objectives* of the Guideline

(1) To promote environment friendly power generation in the country considering the potentials of solar energy;
(2) To enhance and improve solar technology;
(3) To attract donor organizations and private investors to invest in the solar technology as a part of renewable energy;
(4) To reduce the use of fossil fuels by using the potentials of solar energy;
(5) To achieve "green energy" by using vacant & fallow government & privately owned lands and roofs of multistoried buildings;
(6) To create public awareness in setting up of roof-top solar system in commercial, industrial and residential buildings;
(7) To decrease the dependency on imported liquid fuel through solar powered irrigation pumps;
(8) To create access to electricity in the remote and isolated areas through using of renewable energy including solar power;
(9) To create enabling environment of generating electricity from renewable energy;
(10) To create the opportunity of accessing Clean Development Mechanism (CDM) by helping to combat the adverse impact of climate change and to ensure future energy security;
(11) To coordinate with relevant ministries / organizations for implementing solar power projects.

Chapter 2

2.0 Setting up of Solar Park

2.1 Introduction

Considering the potential of solar in Bangladesh, government has targeted to generate 500 MW of solar power by 2015.Under this program solar parks will be set up in the vacant & fallow government & privately owned lands, on following BOO basis IPP model through private sector. Generated power will be sold to Bangladesh Power Development Board (BPDB).

2.2 Project Site for Solar Park

Following government & private lands will be considered as suitable sites for solar park projects:

(1) Unutilized and comparatively large piece of lands of Bangladesh Railway at different locations in the country.
(2) Fallow lands in the river islands (Char);
(3) Vacant, fallow, and forestless lands in the hilly areas;
(4) Vast areas at the bank of sea and rivers;
(5) Vacant, fallow, government lands;
(6) Privately owned lands;

2.3 Strategy for Implementing Solar Park Projects under Private sector

2.3.1 Institutional Arrangements

With a view to set up solar parks in private sector, Power Division /SREDA or its nominated institution will carry out necessary steps to select the entrepreneurs.

2.3.2 Project Site Selection

Any government or privately owned land will be primarily selected as a suitable site. Based on discussions with concerned ministry/ division or landowner pre-feasibility study will be carried out. Location of the land, type and category of the land,

communication facilities to the land, estimated capacity of the solar park, facilities of having grid connectivity for the generated electricity etc. will be considered during the pre-feasibility study.

2.3.3 Selection of Entrepreneur

In order to establish solar park in a site approved by Power Division, entrepreneur will be selected through open competitive bidding in the IPP model. In order to evaluate pre-qualification of the interested entrepreneurs, Pre Qualification Document (PQD) will be prepared. For pre evaluation, management capacity, investment capacity, financial statements of the firm, experience in dealing with solar related works, etc. will be considered. Request for Proposal (RFP) will be issued to the short listed firms who will qualify in the evaluation of pre-qualification. Bidding documents will follow the two envelopes system - financial and technical. Performance guarantee and financial closing should be completed by the 1st ranked bidder within the time frame and conditions given in the RFP.

2.3.4 Project Financing

(a) Solar park will be established in the IPP model based on BOO under private sector;
(b) Private entrepreneurs would arrange the required investments;
(c) In terms of project investments equity of the entrepreneur should be 20%;
(d) Government may approve the investor to arrange investment fund from Capital Market through issuing shares subject to the necessary approval of the Bangladesh Security and Exchange Commission (BSEC).

2.3.5 Security Package

(a) "Power Purchase Agreement" (PPA) will be signed between BPDB and the private entrepreneur;
(b) If the Solar Park will be established in a Government owned land, a "Land Lease Agreement" (LLA) will be signed between the private entrepreneur and the respective ministry/ division or its subordinate department or the authority controlled over the land;
(c) On behalf of government Implementation Agreement (IA) will be signed with the Power Division;

2.4 Technical Aspects

2.4.1 If the capacity of the solar park is more than 20 MW, connectivity with the national Grid will be considered. In case of capacity up to 20 MW, the generated electricity will be used up locally. If not possible then it would be supplied to the national grid.

2.4.2 For the small solar park (up to 20 MW) the respective power distribution utility will receive power through nearby substation upon constructing 11 KV or 33 KV distribution line.

2.4.3 For cost minimization, battery back-up will not be considered for establishing solar park;

2.4.4 *Operation and Maintenance of Solar Park*

Entrepreneur will bear the cost of operation and maintenance of the solar park. If efficiency of solar panels will decrease to an unacceptable level, entrepreneur will replace the panels I enhance the capacity at their own cost.

2.5 Power Evacuation

To feed the electricity generated from solar park into the grid, the entrepreneur will construct necessary grid facilities up to the power delivery point/ metering point at its own cost. If grid transmission line is required, Power Grid Company Ltd (PGCB) will bear the cost of constructing transmission lines and entrepreneur will pay PGCB a wheeling charge at the rate approved by Bangladesh Energy Regulatory Commission (BERO for that.

2.6 Metering

In case of feed electricity into 132 KV grid line, the entrepreneur has to install transformer for stepping up the voltage to 132 KV. In that case BPDB will purchase power from the meter located in the secondary site of the transformer. In case of the local consumption of electricity, power will be purchased through meters in the 11/33 KV line.

2.7 Land Lease

In order to take lease of govt. land, rent should be paid by entrepreneur to the respective authority as per the rate to be set in the "Land Lease Agreement" (LLA). The rate of rent will be determined upon discussion with relevant ministry / organization. Rate of land rent will be mentioned in the RFP.

2.8 License

According to the Renewable Energy Policy, to establish a solar park with a capacity up to 5 MW, entrepreneur will not be required to get license from Bangladesh Energy Regulatory Commission (BERQ, but will be required to get a waiver certificate/ License. With a view to promote attractive investments for implementing such projects, license a period of minimum 20 years may be issued with a condition that it should be renewed each years.

2.9 Electricity Tariff

Bidders may submit price offer either in USD or BOT per KWh for the electricity to be generated from the solar park. A minimum of 20 years power purchase agreement will be signed with the technically responsive lowest bidder. For the generated electricity, bidder will be paid energy charges only, but no capacity charge will be considered. Bill of purchased power will be paid to the entrepreneur in local currency.

Chapter 3

3.Implementation of Solar Mini Grid Projects

3.1 Introduction

About half of the total population in this country is still deprived of power facilities. Although govt. is committed to ensure electricity for all by 2021,but there are few areas where providing electricity connections by establishing grid lines are highly expensive. With a view to bring these areas under electrifications, solar mini grid program could be a solution. In line with the concept of Remote Area Power Supply System (RAPSS) policy,private operators will be appointed for selected locations. Selected operators will carry out the responsibilities of power generation, establishing mini grid, distribution of power in that area.

3.2 Site Selection for Solar Mini Grid Projects

In the remote areas of the country, like- offshore islands, haor, hilly areas, areas nearby to sea and rivers along with the isolated areas, which are far from the main land and electricity grid lines, and no possibility of reaching the grid connectivity in near future, government has taken initiative to provide electricity to the people of those areas through generating and distributing power by solar PV and setting up mini grids under private sector. It is needless to mention, in Bangladesh, solar power is widely popular to the people; it is tested and cordially accepted as well. Since solar power is environment friendly, and price of solar panel is falling down, so it is gaining attraction to the people very fast. As it is very difficult to provide electricity to the remote areas in the conventional system, so program for generating 25 MW solar powers to these areas by 2015 has been undertaken.

Power Division will prepare a list of off-grid potential areas based on financial and technical analysis. In these areas there may be loads for villages, markets, health centers, information centers, communication centers and others. In order to provide electricity to those areas power distribution system will be developed through generating power by solar PV. It is necessary to mention, before initiating projects financial capability of the people of those areas will be considered.

3.3 Selection of Private Operators

Private operators will be selected based on the applications submitted to Infrastructure Development Company Limited (IDCOL) by private sector. In selecting private entrepreneur, management and investment capacity of the firm, experience in solar related works, etc. will be considered. Upon considering all the above aspects, IDCOL will sign Implementation Agreement with the private entrepreneur. IDCOL will update the Advisory Committee in this regard and will take necessary advice time to time. Implementation Agreement may be made for 20 years.

3.4 Financing for Solar Mini Grid Projects

Entrepreneur will arrange necessary fund for implementation, operation, and maintenance of the solar mini grid project, upon franchised the area by Power Division/SREDA or allocated by IDCOL To keep the electricity tariff tolerable to the consumers, IDCOL as per their existing policy, will support 80% of the project cost by providing grant and soft loan arranged from World Bank or different donors for implementing renewable energy programs.

3.5 Technical Aspects

(a) Private operator will ensure facilities for distributing solar power to all of the interested consumers where they will be selected;
(b) In order to supply electricity to the consumers the operator will establish mini grid distribution system. Related design and estimated cost will be reflected in the tariff proposal;
(c) Private operator will carry out the job of power generation, operation and maintenance of the mini grid.
(d) To ensure minimum prescribed period of power supply every day regardless to cloudy or rainy day, private operator will keep necessary back-up facilities in the system.
(e) If any distribution system already exists in an area, that can be utilized by the mini grid operator through negotiation with the owner of the grid.
(f) During electrical connection the operator will ensure the efficient electrical appliances of the customers.

3.6 Electricity Tariff

(a) To make the tariff affordable at consumer's level, IDCOL will fix area-based tariff for the operators considering the equity and financial support provided by IDCOL. IDCOL will provide financial support and technical assistance to the private operator. IDCOL will inform the Advisory Committee about the tariff time to time;
(b) Daily minimum duration of power supply including evening peak-hour should also be mentioned in the tariff proposal.

3.7 institutional Arrangements for Implementing Mini Grid Projects

Power Division /SREDA, if necessary, will coordinate the implementation of solar mini grid projects. Entrepreneur may submit a mini-grid proposal to IDCOL expressing their interest to a particular area. IDCOL may also invite proposal for the areas as franchised by Power Division/SREDA. Considering the viability of the project, IDCOL may decide to go for financing to that project.

IDCOL will create fund, provide financial support, select mini grid operator, monitor

and supervise the progress of implementation, and inform the Advisory Committee time to time. Power Division / SREDA will conduct impact study for one or two implemented projects. If the government extends the grid line to the project area, after 5 years of it's completion, the project operator will be allowed to feed the electricity generated from renewable energy sources into the grid for rest of the project period. In that case tariff will be determined upon negotiation with the power purchaser considering the operational, maintenance and other administrative cost of the project and 15% return on equity. This arrangement will be continued up to its project life.

3.8 License

According to the Renewable Energy Policy, to establish a solar mini grid projects with a capacity up to 5 MW, entrepreneur will be exempted to get license from Bangladesh Energy Regulatory Commissions (BERC), but will be required to get a waiver certificate. Mini grid projects with a capacity up to 250 KW will not be required any waiver certificate/ license, but entrepreneur will have to inform the Commission by sending a letter. For implementation and operation of solar mini grid projects, license for a period of minimum 20 years may be issued with a condition to renew every year.

Chapter 4

4.0 Installation of Roof-Top Solar System

4.1 Introduction

Large number of rooftops buildings of Govt., Semi-Govt. and private (individually owned residential, commercial, and industrial) buildings are remained unused in the country. Vacant rooftops of those buildings are potential areas to set up solar panels. Solar power can be generated in two ways by using rooftops

(a) Setting Solar System in rooftops by the building owners or users.

(b) Installing solar system in rooftops by private investors based on BOO Basis following IPP model.

4.2 Roof-top Solar System by the Owner /User of the Building

Since the setting up of solar roof-top in few buildings of Dhaka city through personal initiatives have been considered as successful and profitable, so the owners / users of other buildings can make profit through setting up solar roof-top system which still have unused.

4.2.1 Provable Project Locations

(1) Generally in grid areas;
(2) Unused and free spaces at the rooftops of the residential, commercial and industrial buildings.

4.2.2 Project Implementation Strategy

(1) Owner of the roof may contact directly to the distributors of solar system and take initiative to set up such system;
(2) The owner of the roof may lease out the roof to a second party (like - ESCO who provides support to implement renewable energy based projects in an efficient and profitable way) for the implementation of the project;
(3) During the development of apartments, owners or developers may set up solar roof-top systems;
(4) Power Division, Power Cell and Power Distribution Companies may provide technical support free of costs;

(5) Respective distribution utilities should be informed during setting up such solar rooftop system. If required, concerned distribution utilities may provide support in installing meters.

4.2.3 Technical Aspects

(1) Capacity of each system should be 1 kW peak;
(2) System capacity over 5 kWp Grid Tied Inverter should be used;
(3) Use of battery should be discouraged;
(4) A technical committee will be formed in order to ensure the use of quality panels and other accessories. Project Implemented under this program, has to use the panel and other accessories having similar quality and specification set by the technical committee. Use of programmable digital grid tied inverter should be encouraged;
(5) Solar power generated from the panel will flow direct to the load through a separate meter put into the meter room.
(6) Energy should be recorded through using separate meters. To get CDM facilities, remote control smart meters may be used.

4.2A Financial Aspects

(1) May be implemented by the building owner's own fund;
(2) Bangladesh Bank and other banks may consider to provide soft loans for the national interest;
(3) Project may be implemented by taking loan from IDCOL on a low interest rate;
(4) Project may be implemented through ESCO;
(5) Developers may install solar root-top systems during construction of new apartments;

4.2.5 Electricity Tariff

(1) Generated electricity will primarily meet the demand of the building owner;
(2) If the entrepreneur would like to sell the excess electricity remained after his use, a purchase agreement should be signed through the power distribution utility of the concerned area;

4.2.6 License and Clearance Letter

(1) The building owners will meet their own demand first from the electricity they have generated from the system.
(2) A declaration letter to be submitted to the concerned power distribution authority describing that the established project or any parts of this project will not be harmful to the environment.
(3) For setting up roof-top system, the owner or user of the building, will not be Required license from Bangladesh Energy Regulatory Commissions {BERO, *as* it will not be for business purpose.

4.2.7 Commercial Success of the Project

(1) Project payback period is 6-8 years;
(2) Will be free from paying electricity bills in the highest slab of tariffs;

(3) Decrease the use of grid electricity;
(4) Will fulfill government's condition for new electricity connections;

4.3 Installing Solar roof-top System by Private Investors based on "Build, Own and Operate" (BOO) basis in IPP models

Large number of roofs of Govt., Semi-Govt. buildings is remained unused. Electricity can be generated by installing rooftop solar systems based on BOO basis in IPP models through private sector.

4.3.1 Project Site

(1) Generally on-grid area.
(2) Roofs of government and semi govt. building.

4.3.2 Institutional Arrangements

For setting up rooftop solar system, power utilities under Power Division will take necessary steps for selecting private investors. For other ministry/division/government organizations-

(a) Respective ministry/division or department will carry out all the activities of selecting entrepreneurs.
(b) Power division will coordinate this process. Power cell/SREDA will provide technical support in preparing bidding documents.
(c) Respective distribution utilities and entrepreneurs will install meters jointly.

4.3.3 Project Site Selection

Primarily the site will be selected for the rooftop of the govt/semi-govt. building. Respective ministry/division or controlling authority of the building will carry out a primary feasibility study considering the location, nature, type, area, etc of the roof. If the project seems to be feasible, then necessary steps to be undertaken with an intimation to Power Division/SREDN Power Cell.

4.3.4 Entrepreneur Selection

Relevant ministry/division/department will select entrepreneur through open competitive bidding for IPP model. In the proposal, management capacity, investment capacity, experience, record of project implementation, financial statements, experience in solar installed, etc. will be evaluated by the requiring entity. Bidding documents will follow two-envelope system - financial and technical. Technical evaluation will be conducted as per the criteria set in the RFP. Contract would be awarded with the selected bidder considering the existing rules and regulations and terms mentioned in the RFP document.

4.3.5 Project Financing:

(a) Solar roof-top system will be installed based on BOO in the IPP model under private sector;

(b) Private entrepreneur will arrange investments for the implementation of the project;
(c) Equity participation would be 20%;
(d) IDCOL may provide loan in comparatively lower interest rate.

4.3.6 Security Package

The private investors will enter-

(a) Power purchase agreement (PPA) with BPDB.
(b) A Roof Lease Agreement (RLA) with authorized ministry / division or its subordinate office/ department as owner of the project roof.
(c) An Implementation Agreement (IA) with Power Division on behalf of the Government.

4.3.7 Technical Aspects

(1) Capacity of each system should be 10kWp peak
(2} Grid Tied Inverter should be used.
(3} Battery could not be used
(4} Quality Panel and other accessories should be used. Use of programmable digital grid tied inverter would be encouraged.
(S} Energy should be recorded by installing separate meter. In order to enjoy COM facilities, remote control smart meter can be used.

4.3.8 Operation and Maintenance of the Rooftop Solar System.

Entrepreneur will bear the cost of operation and maintenance of the solar system. If the capacities of solar panels decrease more than the acceptable level, the entrepreneur will replace/ enhance the capacity at their own cost:

4.3.9 Roof Lease

For taking lease of the roofs of government or semi-government owned building, the entrepreneur will pay a symbolic rent of 1 Taka/Sq. ft. per month to the Controlling Authority of the building. Rate of rent will be mentioned in the RFP.

4.3.1 O License

Since capacity of the installed solar rooftop system will not be more than 5 MW, so as per Renewable Energy Policy, entrepreneur will not be required to get license from BERC. In addition, if the capacity of the system is 250 kW or less, no waiver certificate will be required from the Commission.

4.3.11 Electricity Tariff

The electricity generated from this type of system would be used up by the building itself and that must be recorded through remote control digital energy meter. Bidder will quote the tariff in local currency in per kWh. PPA will be signed with the lowest bidder for 20 years agreement. Bidder will be entitled for energy charge only. Capacity charge payment will not be allowed. Payment to the investors will be made in local currency.

Chapter 5

5.0 Setting up Solar Irrigation Pump.

5.1 Probable Project Site

(1) Probable project site should have the following characteristics:

(a) Diesel powered STW and LLP area or having no electricity;
(b) Agricultural areas where cultivation is possible for 3-4 seasons in a year;
(c) Ground water level is not too low or have facilities to use surface water;
(d) Enough land for setting up solar panels or have facility to set up solar panels as per two-tier farming technology model.
(e) Flood free area or land, which is not inundated during rainy season.
(f) Area where there is a scope of use generated electricity in different development work other than irrigation.

5.2 Implementation Strategy

(1) As an initiating Ministry of this solar program, Power Division will monitor and provide necessary support for project coordination and implementation;
(2) Grant and soft loan will be provided from development partners and climate change mitigation fund for the implementation of the project. That fund will be channeled to the project implementers through IDCOL;
(3) IDCOL will implement the project through interested entrepreneurs following the existing rules, regulations and procedure. For solar panel installation the two tier farming technology will be encouraged;
(4) A technical committee will be formed, consisted of technical experts in this area. The Committee will prepare technical specifications;
(5) IDCOL will monitor the installation of equipments considering the specification made by Technical committee. Technical committee will also visit project sites to ensure the proper monitoring;
(6) IDCOL will implement the project as per their institutional framework. Advisory Committee will monitor the implementation of the project;
(7) Entrepreneur will be responsible for implementation of the solar irrigation project. Entrepreneur may involve a second party (a person / a cooperative body/ an organization) for operation, maintenance, collection of bills against supplied water, or can do the same by itself;
(8) In the interest of successful project implementation, the entrepreneur will provide

Chapter 6

6.0 Implementation for Social Type Solar Projects

6.1 Background

In order to meet the target set in the renewable energy Policy, Government has taken program to generate 500MW of solar by 2015. Social Projects will be the public sector's projects financed by GoB and/or Development Partners and the electricity generated from the system would be used up by the organization itself. The following organizations will be considered for solar projects:

(1) Union Health Center;

(2) Educational Institutions in remote area;

(3) Union Information Service Center;

(4) Unconnected Religious Institution;

(5) Railway Stations in remote area;

(6) Government Offices in off-grid area.

6.2 Project Site Selection

(a) Projects will be taken in the following order of priority among the Union Health Centers, Educational Institutions in Remote Areas, Union Information Service Center, and Religious Institutions:

(1) Service Centers/institutions in the off grid remote villages where, at present, there is no electricity facilities, and there is no possibility of electrifications in near future;
(2) Service Centers in the on-grid village areas which have no electrical connection;
(3) Service Centers/institutions in the remote island or hilly areas where power supply is insufficient and unreliable;
(4) Considering the quality and volume of Service provided by the Centers/institutions;
(5) Geographical location and socio - economic condition of the service recipients.

(b) Railway stations and government offices at the off grid remote areas:

(1) Initially, non-electrified railway stations will be brought under social type solar projects on priority basis.

(2) In case of government offices, project will be taken considering nature of the office work, scope of using electrical gadgets and proximity with the public interest etc.

6.3 Strategy for Project Implementation

(a) Respective ministry/division or departments under them will initiate social projects considering electrical load, nature of the land and area require for the project.
(b) Power Division/SREDA, with the support of expert/ consultants will provide technical support in preparing technical specification and model bidding document.
(c) Respective ministry/division/department will implement the project as per Government's rules and procedure based on prepared bidding document and specification.

6.4 A Technical Aspect

(1) The initiating ministry/division/department will construct necessary infrastructure to distribute the power generated from the solar panel system.
(2) The initiating organization will be responsible for operation and maintenance of The project.
(3) Considering the cost of the project, battery back up will not be encouraged. In case of extreme necessity limited use of battery backup may considered.
(4) Initiating organization will arrange the required land for the project that is why rent or land lease fee could not be claimed.

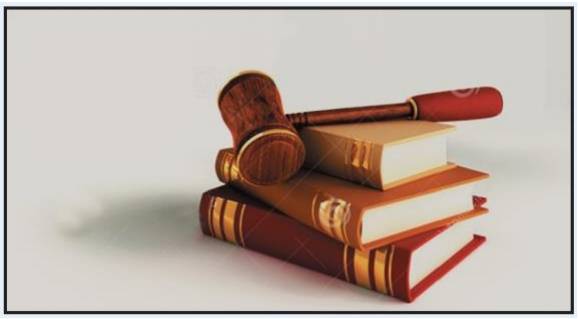
6.5 License and Clearance Letter

As the project will not be operated for business purpose, so no license will be required from BERC.

6.6 Others

(1) Energy efficient appliances should be used and that should be reflected in the budget of the project.
(2) Respective government agency will regularly keep the record of electricity generated from the project and update the same to power division/power cell/SREDA time to time.

Chapter 7



7.0 Existing Law and Policies

Any project implemented under this program would be governed by the existing laws, policies and guideline like environment law, private sector power generation policy, renewable energy policy etc.

Chapter 8

8.0 Financial Benefits

(a) Solar Power Company will be exempted from income tax for 15 years after commencement.

(b) The Solar Power Company will be allowed to import spare parts, without paying duty, *VAT,* surcharge, and import fees, up to an amount of 10% of the total cost of plant and equipments within 12 years of commercial operation. But the exemptions will not be applicable for locally produced international standard equipments.

(c) Foreign Companies will be allowed to repatriates equity and profit to their home country.

(d) The foreign investors will be exempted from income tax for solar power projects.

(e) For the implementation of solar power projects, if required, the foreign investor will be llowed to form joint venture.

(f) With the consent of tender and utility the solar power company will do insurance of the project according to his choice.

(g) Local company registration by the foreign investor will be exempted from stamp duty.

(h) Solar Power Company will also enjoy the existing benefits of IPP.

(i) Solar Power Company will be allowed to raise fund locally as per regulation of Board of Investment (801).

g) Solar Power Companies are encouraged to use locally produced quality products And engineering services for solar power generation.

8.1 Financial and other Benefits for Foreign Investors

(a) Taxes upon royalty, technical knowhow, and technical assistance fees will be exempted and would be allowed to transfer to their home country;

(b) Taxes on the interests of foreign loan will be exempted;

(c) Tax will not be applicable to the earnings of the capital-gain from selling of shares;

(d) Double taxation on the income of foreign investors will be avoided;

(e) Income tax for the foreign employees working in the solar power company will be exempted for 3 years;

(f) Foreign employees of the solar power company will be allowed to take 50% of his salary, and savings & money received as retirement benefits are allowed to repatriate during his return to home country.

(g) The foreign citizens, working solar power project, will be allowed to get work permit from the government as per provision of BOI;

(h) Invested equity, income, and share of profits from the project, will be allowed to transfer to other countries.

(i) Foreign shareholders will be allowed to transfer their shares to any local shareholders/ investors.

(j) Local currency (taka} could be converted to foreign currency in case of payment internationally.

(k) Returnable profit sharing, if re-invested in the project, will be treated as new foreign investment.

(l) Any foreign company registered in Bangladesh will get equal opportunity to local company in case of sanctioning loan.

Chapter 9

9.0 Issuance of Statutory Regulatory Order

Government may,if necessary,issue separate SRO for financial and other benefits that are provided in different regulations, could also be applicable to Solar Power Company.

9.1 Right to Clarify

In case of any ambiguity arises out on any provision of the policy, Government's clarification will be considered as final.