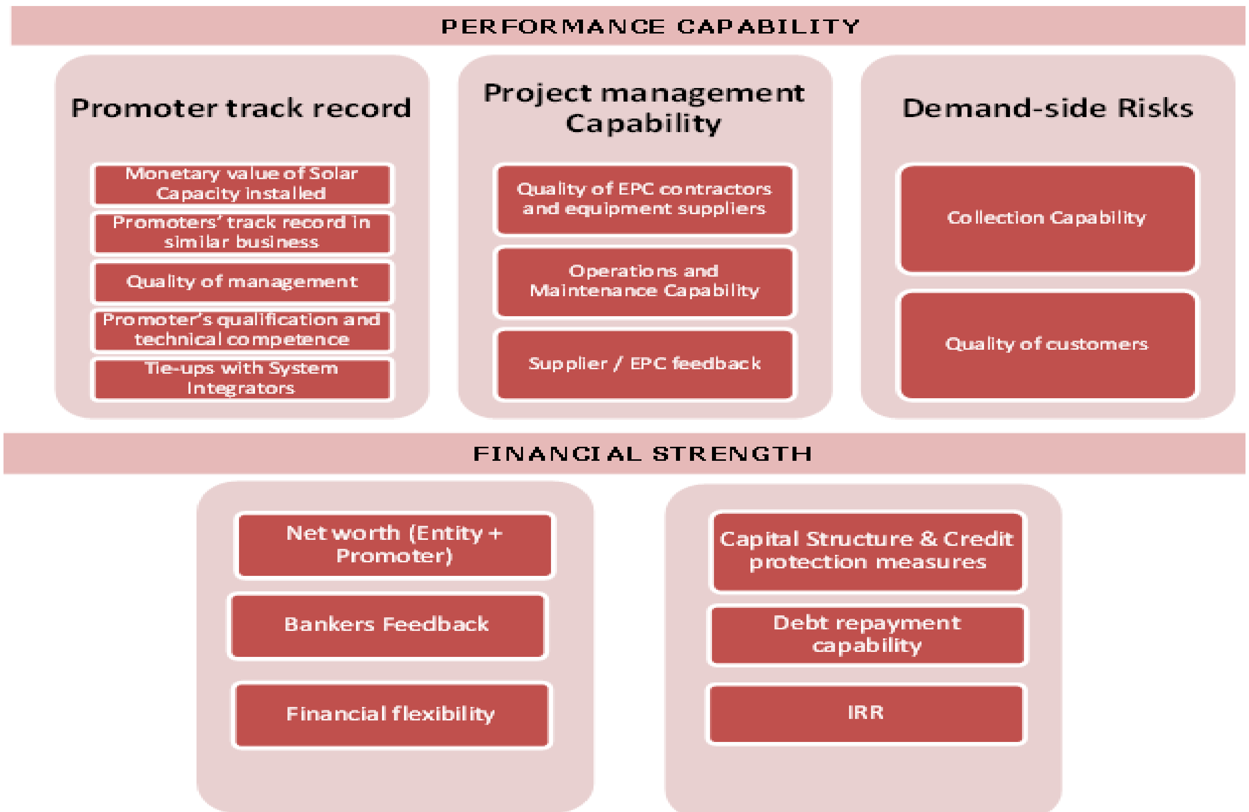
Assessment Framework - RESCOs

The inherent business model of a RESCO is different from a solar component manufacturer or a system integrator and the framework herein captures the same. A RESCO would set up the solar power project and then monetise the energy produced as compared to a system integrator, who would install the project and be involved in the execution and implementation of the project for another RESCO. The framework proposed for assessing RESCOs is given below:



Linkage of the grades to project size limits

RESCOS are expected to operate on a model wherein they will purchase the asset (solar panels/collectors) using long term funds, generate power, distribute it and collect revenues from their customers. As a result, the ability of the RESCO to implement more projects is directly linked to its net worth as the RESCO will have to put in its own funds (typically around 20 per cent of project cost) for every project; i.e. for every project implemented by the RESCO (through the subsidy route or otherwise), it would typically own fixed assets up to 5 times its contribution.

CRISIL has used the above rationale to recommend the quantum of project-size (cumulative limit) that can be taken up by RESCOs at a particular-level of entity grading. The multiple will be applied to the entity through a composite matrix of grading & key parameters.

These multiples have been finalised post deliberations with MNRE and shall be used for finalising the quantum of work that the RESCO can undertake under the subsidy route. ***If any entity, undertakes a project exceeding the defined threshold corresponding to its grading, the grading shall be deemed to be invalid and the entity would require to undertake the entire grading exercise again.***