EPC · STEP 02 · PROCURE WITH LEVERAGE · MODEL

Landed Cost & Commercial Term Sheet

Consolidated cost model covering ex-works price, freight, duties, FX and payment milestones, feeding into final framework agreement terms.

Worked example (anonymised): Standalone BESS Framework Procurement · 150 MW / 300 MWh (2-hour duration) · Western India. DISCOM-awarded standalone storage tender requiring LFP cells, PCS and containerised BoS procurement within an 11-month delivery window.

Sample excerpt · Landed Cost Build-up (per MWh, PCS-inclusive)

Cost Component	Vendor B (■ Lakh/MWh)	Vendor C (■ Lakh/MWh)
Ex-works price	178	192
Ocean freight + insurance	6.2	6.0
Customs duty (BCD+IGST)	24.1	26.0
Inland logistics	3.8	3.5
FX hedge premium	2.9	2.6
Total landed cost	215.0	230.1

Notes

• FX hedged at 3-month forward rate
• Payment terms: 10% advance, 80% on dispatch, 10% on commissioning

What happens in this step

1. Build a live vendor landscape across Tier-1/Tier-2 module, inverter, PCS, cell/pack and BoS suppliers with technical and financial screening
2. Issue structured RFQs/RFPs with standardised technical schedules so bids are apples-to-apples comparable
3. Run factory audits (production capacity, QA/QC, bankability, ESG, past project performance) for shortlisted vendors
4. Develop a landed-cost model per vendor including duties, freight, FX hedging and payment-term impact
5. Negotiate framework pricing with volume/price-escalation clauses and back-to-back warranty pass-through
6. Stress-test vendor delivery schedules against the project's construction and commissioning calendar
7. Issue final vendor recommendation memo with commercial term sheets ready for board/lender sign-off

Outcomes

• 5-12% reduction in landed equipment cost versus first-round vendor quotes
• Bankable, lender-acceptable warranty and delivery terms locked pre-construction
• Reduced schedule risk through pre-vetted, audited supply chain
• Framework pricing enabling faster procurement for future project phases

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