

Policy for Promoting Generation of Electricity through Renewable Energy Sources

Notification

The 23rd November, 2005

No. 22/69/2005 5P. This policy supersedes the earlier policy issued vide notification No. DNES/98/Policy/406, dated 10th February, 1998.

1. Objective of the Policy:

To create conditions conducive for the involvement of private sector or public – private sector participation in Renewable Energy Sources based power projects in the State.

2. Target:

The State Government aims to achieve a minimum of 10% (i.e. 500 MW) of the total capacity addition of 5000 MW of conventional power to be generated through Renewable Energy Power Project by 2012 as per Ministry of Non-conventional Energy Sources, Government of India's policy.

3. Measures to be Adapted:

- (i) To promote setting up of Biomass Based Power Projects.
- (ii) To promote Co-generation Power Projects.
- (iii) To promote Small Hydro Power Projects.
- (iv) To promote Wind Energy Based Power Projects.
- (v) To promote Solar Energy Based Power Projects.
- (vi) To Promote Waste to Energy Power Projects based on Urban, Municipal and Industrial Waste.

4. Thrust Areas:

- 4.1 Power Generation from biomass :- A potential of generation of 14MW of power through biomass exists in the State. He State Government is committed to exploit this potential,
- 4.2 Power Generation, through bagasse co-generation : To harness the potential of Cogeneration in cooperative/ private sector sugar mills which is estimated to be 100 to 150 MW.

- 4.3 Power Generation through small hydro power projects to harness 45 MW of power which can be generated through the water falls available at various locations in canals of the State.
- 4.4 Municipal Solid Waste :- The daily availability of Municipal Solid Waste in cities like Faridabad, Gurgaon, Ambala, Sirsa, Yamunanager, Panipat, Rohtak, Bhiwani, Sonapat, Hisar, is between 120 metric tonnes to 600 metric tonnes. Waste to energy power plants or fuel palletisation plants based on Municipal Garbage can be set up in these cities to generate about 17MW of power.
- 4.5 Solar Energy : The solar insolation level in the State is in the range of 5.5 KWH to 6.5 KWH per sq. mtr. of area and the State has about 320 clear sunny days in a year. This offers a great potential for using solar energy for various thermal and electrical energy application in the State.
- 4.6 Wind Energy :- Sufficient untapped wind energy power potential is available in the State specifically in the Morni Hill area of Distt. Panchkula and Aravelli Hills I n Southern Haryana. Wind Monitoring – Stations, are being set up in Panchkula, Gurgaon and Mahendergarh districts to assess the available wind potential for power generation in the State.

5. Nodal Agency

Haryana Renewable Energy Development Agency (HAREDA) shall be the State Nodal Agency for co-ordinating all activities relating to Renewable Energy Development including generation of power using non-conventional energy sources. HAREDA shall be responsible for laying down the procedure for inviting the proposals from Independent Power Producers (IPPs), DPR preparation, evaluation of project proposals, project approvals and project progress monitoring etc.

It shall function as a single window clearing Agency for all Renewable Energy Power Projects for facilitating necessary clearances and approvals on behalf of the Government of Haryana.

6. Operative Period

The scheme of promotional and fiscal incentives as contained herein will come into operation with the date of its notification in the official gazette and will remain in force till a new policy is notified.

7. Eligible Producers

Those who intend to generate electricity from Non-conventional Energy Sources such as Solar, Wind-Electric Generators, Biomass Combustion, cogeneration, Municipal and Industrial Waste, Small Hydro (upto 25 MW) and

New Technologies like Bio-oil, Fuel Cell etc. There will be no restriction on generation capacity or supply of electricity to the grid.

There shall be no restriction on legal structure, of entrepreneur in generation of power, Companies, Cooperatives, Partnerships, Local Self Governments, State Nodal Agency, Boards & Corporations, Power utilities, Private developers, Public-Private partnership Companies, consortia, Registered societies, NGOs, individuals etc. would all be eligible producers provided they undertake to generate power from non-conventional energy sources and fulfil the laid down conditions.

8. Grid Interfacing

- (i) Interfacing, including transformers, C & R panels duly equipped with the requisite protection schemes, marshalling kiosks, kiosk protection, metering, high tension inter connection points from the points of generation to HVPN, UHBVN, DHBVN and any other licensee nearest Light/High Tension lines etc. as well as maintenance of L.T. lines will be undertaken by the producer as per the specifications and requirements of the licensee/ utilities for which he will bear the entire cost. Alternatively, those works and their maintenance could be undertaken by the Licensee/ Utilities on behalf of power producers at charges to be decided by the Licensee/ Utilities and paid by the power producer.

High Tension lines shall be maintained by the power utilities as licensee. After commissioning of the project, the power producers shall transfer these lines to the concerned power utility as transfer as assets for its maintenance by the power utility till the validity of PPA.

- (ii) Depending upon the generation capacity, if the sub-station capacity at 33/11 KV or higher levels, is required to be augmented for 66 KV or higher capacity, transmission lines are to be provided. This will be undertaken by the Licensee/ Utilities at the cost of power producers.
- (iii) Two sets of separate meters will be installed on the H.T. side by the producer, as main meters and check meters. In case of co-generation/ captive power generation two sets of separate meters will be installed, one for export of power and other for import of power.
- (iv) Necessary current limited devices will be installed in the generating equipment by the producer. Capacitors of sufficient rating will also be provided in the equipment to ensure that the power factor is always maintained above 0.8.
- (v) The plant should have a capacity of at least 1 MW or above that.

9. Wheeling Charges

Licensee/ Utilities will undertake to transmit on its grid the power generated by power producers using non-conventional energy sources and make it available to the producer the captive use or to a Third Party within the State as per approved tariff including surcharge, additional surcharge, if any, notified by HERC from time to time. If H.T./L.T. lines required to be laid beyond Licensee/ Utilities lines for wheeling the power at any desired point, then the cost of the same shall have to be borne by the promoter/ power producer. In case, the power is to be sold to a third party, the name of such party shall be indicated by the power producer at the time of making an application in the prescribed form of Licensee/ Utilities. However, in respect of third party sale, licensee/ utilities would have preference over the power generated by the power producers and third party sale would be allowed when the surplus power is not being evacuated by the licensee/ utilities.

10. Purchase Price

- (i) New Projects : Licensee/ Utilities will purchase electricity offered by the power producers in case of new projects set up after the notification of the presents policy at the rate to be decided by the Haryana Electricity Regulatory Commission as per provisions in the New Electricity Act, 2003,
- (ii) For old captive/ co-generation projects which are having surplus power to offer for sale to the power utilities, the tariff shall be negotiated tariff based on negotiation between the power producers and the power utilities.

11. Banking

HVPL/ DHBVN/ UHBVN/ Licensee is to permit electricity generated by eligible producers to be banked. The banking facility shall be allowed for a period of one year by the Licensee/ Utilities free of cost. However, withdrawal of banked power should be allowed only during non-peak hours. If the banked energy is not utilized within a period of twelve months from the date of power banked with the concerned power utilities/ licensee, it will automatically lapse and no charges shall be paid in lieu of such power.

12. Electricity Duty

Non-conventional energy sources power generation and its sale to be Licensee/Utilities of third party or for its captive use shall be exempted from the electricity duty.

13. Water Charges

Producer will be allowed to use the water for power generation through micro/mini/small hydel plants. No royalty will be charged on the water used for power generation for non-consumptive use.

14. Local Area Development Tax

Local Area Development Tax will be exempted on plant, machinery, equipment that has been capitalized in view of the provisions of Section 5(f) of Haryana Act No. 13 of 2000

15. Fuel / Raw Material for Co-generation Plants

The co-generation projects should be designed to use and should use non-fossil fuels such as bagasse, biomass, biogas, agricultural waste such as rice husk, ground nut shells etc. The use of conventional fossil fuels in these cogeneration projects may be necessary during the period of off-season to augment the non-fossil fuels and therefore, the use of same shall be allowed as per Ministry of Non-conventional Energy Sources, Govt. of India policy in this respect from time to time.

The "fuel cost pass through" on this account shall not be permitted as the tariff in these cases will be fixed taking into consideration the normal availability of non-fossil fuel for 240 days per annum only,

16. Other Incentives

All new projects will be treated as "industry" in terms of Industrial Policy, 2005 and all the incentives available to new projects will be applicable as per Industrial Policy, 2005.

17. Tenure of Power Purchase Agreement

The Power Purchase Agreement (PPA) to be signed between IPP and concerned power utilities / licensee shall be valid for a minimum period of 20 Years or more depending on the plant's life. After this period, this shall be renegotiated between power producer and concerned power utilities/licensee. However, power utilities shall have the first right to refuse in case, it does not want to buy the power for period beyond 20 years.

18. Land for the Project

- 18.1 The State Govt. will acquire land if necessary at the cost of Independent Power Producers (IPP) if an request to that effect is made.
- 18.2 Setting up of Renewable Energy Power Projects in the Agriculture Zone will be permitted by the Town Country Planning Department without levying of conversion charges.

19. Invitation of Proposals

- 19.1 A comprehensive bid document shall be designed for inviting proposals from the Independent Power Producers, listing out technical and financial parameters for evaluation of the bids. On the basis of evaluation parameters contained in the tender document, bids shall be evaluated by the Technical Appraisal Committee.
- 19.2 For the proposals for which the sites are identified by the Independent Power Producers, the proposals with DPR will be submitted by IPP to HAREDA for its consideration and sanction (in accordance, with clause No. 7 Part-III of the Electricity Act, 2003).

20. Procedure for Setting Up of NRSE Power Projects in Haryana

- 20.1 HAREDA shall invite proposals from private national/international investors through press advertisement.
- 20.2 A Technical Appraisal Committee (TAC shall be constituted by the State Govt. to appraise the proposals/ bids in terms of technical and financial capabilities, scrutinizing the techno-economic feasibility. The TAC is authorized to seek any additional information from the bidders to supplement the proposals and will submit its report within two months.
- 20.3 Projects upto 5 MW capacity will be considered and approved by the Board of Governors of HAREDA on the recommendations of TAC within two months time.
- 20.4 For the projects above 5 MW capacity a High Powered Committed constituted by the State Govt. under the Chairmanship of Chief Secretary, Govt. of Haryana (Appendix-I) shall consider the report of Technical Appraisal Committee, shortlist, prioritize and approve / reject the investment proposals for allocation of sites for preparation of Detailed Project Reports (DPR) by the private investors within two months time. The High Powered Committee can co-opt any other members / experts as its member for a particular meeting with the approval of the Chief Secretary.
- 20.5 Once the Proposal has been approved by the Board of Governors of HAREDA/ High Powered Committee, HARDA will enter into an MOU with the private investors for preparation of DPR and implementation of the project within one months time.

- 20.6 After approval of DPR by the HAREDA, the private investor is required to enter into PPA with the concerned power utilities/ licensee for the sale of power to it or to the third party after getting necessary approval from the Haryana Electricity Regulatory Commission (HERC).
- 20.7 The Power Producer and the concerned Power Utility / Licensee shall make efforts to enter into Power Purchase Agreement within two months time from the date of providing the clearance. In case there is delay beyond this period then either party can approach the Haryana Electricity Regulatory Commission for decision in this matter within another two months.
- 20.8 If the applicant does not take effective steps (i.e. at least 10% of the total project cost should be incurred) to implement the project within six months from the date of signing of PPA, the Agreement could be terminated and the site shall be allocated to another applicant and the security deposited with the HAREDA by the power producers shall be forfeited.

21. Amendment / Relaxation/ Interpretation of Provisions of the Policy

Government of Haryana in Renewable Energy Department shall have the powers to amend/relax/issue clarification, if any, on any matter related to interpretation of any provisions under the policy in consultation with the concerned Government Department / Agencies.

S.C. Chaudhary
Financial Commissioner & Principal Secretary
Government Haryana,
Renewable Energy Department.

APPENDIX-1**High Powered Committee Empowered for Sanction of Renewable Energy Power Projects above 5MW**

1.	Chief Secretary, Haryana	Chairman
2.	Secretary, Finance Department	Member
3.	Secretary, Local Bodies Department	Member
4.	Secretary, Power Department	Member
5.	Secretary, Irrigation Department	Member
6.	Secretary, Agriculture Department	Member
7.	Secretary, Renewable Energy Department	Member
8.	Secretary, Industries Department	Member
9.	Secretary, Town & Country Planning	Member
10.	Secretary, Environment Department	Member
11.	Secretary, Forest Department	Member
12.	Director, Renewable Energy Department	Member Secretary