

Solar Power Policy for J&K “2010”



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1. INTRODUCTION

1.1 The challenges of climate change and global warming continuously threaten the world community. The Government of Jammu & Kashmir has taken note of the growing recognition of impact of climate change at the local, national and global levels. The Government recognizes the urgent need to tackle challenges that arise on account of these impacts through integrated policy prescriptions and programmes aimed at mitigation of impacts and adaptation to reduce vulnerability of systems. The Government is also cognizant of the cross-cutting nature of impacts with enormous cost implications for tackling them and that these costs could escalate if preventive action is not taken immediately.

2. NEED FOR SOLAR POWER PROJECTS

2.1 The exhaustible reserves of fossil fuels and their volatile market prices further contribute towards energy insecurity. Government recognizes the central role of energy and the need to have a policy to promote efficient use of conventional energy together with proactive establishment and promotion of sustained use of new and non-conventional energy sources and applications to reduce emissions and other impacts of climate change. Based on this “climate efficient initiative” the state has decided to promote energy efficiency measures, adopt preventive management techniques and build capacities for all the concerned stakeholders to contribute and sustain successful transitions to a more energy efficient future duly emphasizing the local relevance of alternatives.

3. OBJECTIVES

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3.1 The State Government introduces the Solar Power Policy – 2010 with the following objectives :

- i) Promoting generation of green and clean power in the State using Solar Energy
- ii) To put in place an appropriate investment climate, that could leverage the Clean Development Mechanism (CDM).
- iii) Productive use of the wastelands, thereby fostering a socio-economic transformation.
- iv) Employment generation and skill enhancement of local youth.
- v) Promotion of R&D and facilitation of technology transfer
- vi) Establish core technical competence in professionals in the state to initiate and sustain use and effective management of newer energy applications.
- vii) Creation of environmental consciousness among citizens

4. OPERATIVE PERIOD

4.1 The Policy will come into operation with effect from its publication in the State Gazette and will remain in force until superseded or modified by another Policy.

5. CAPACITY CAP

5.1 The minimum project capacity shall be 1 MW.

6. ELIGIBLE UNIT

6.1 Any company or body corporate or association or body of individuals, whether incorporated or not will be eligible for setting up of Solar Power Plants (SPPs), for the purpose of captive use and / or for selling of electricity as per MNRE & JKSERC norms.

7. PROCEDURE FOR ALLOTMENT OF SITES FOR DEVELOPMENT OF SOLAR POWER PLANTS

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- 7.1 The Nodal Agency shall prepare a Land Bank containing list of potential sites for development of Solar Power Plants.
- 7.2 The available sites shall be advertized to seek bids.
- 7.3 All the applications received in response to the advertisement shall be subject to pre-qualification as per evaluation criteria. The applications shall be accompanied with a non-refundable Demand Draft of Rs.10,000/- as processing fees.
- 7.4 Bids shall be invited on the basis of upfront premium payable to GOJK.
- 7.5 The bids shall be subject to two-stage scrutiny. In the first stage the pre qualification of bids will be conducted on the basis of financial and technical capacity in the manner as specified in the bid document.
- 7.6 The bidders which are found technically responsive shall be asked to submit their price bids based on upfront premium per MW payable to the GOJK.
- 7.7 The minimum threshold premium will be Rs.2.00 lakhs per MW. Bids received beneath this threshold shall be rejected.
- 7.8 The project shall be allotted to the bidder making the highest bid.
- 7.9 In case two or more bidders bid identical premium for a site then the bidder securing the highest technical score during pre-qualification shall be awarded the project.
- 7.10 If after advertisement of the project site, only one tender is received, fresh advertisement would be issued. If a single bid is again received in response to the second advertisement, the said bid shall be considered on the basis of technical and commercial capacity with minimum threshold premium or premium quoted by him whichever is higher.

8. EVALUATION / PRE-QUALIFICATION CRITERIA

8.1 Pre qualification of bidders will be based on financial and technical capacity to mobilize the required resources. Applications will be graded on the

basis of balance sheets, annual reports and other supported evidence of financial and technical capabilities.

8.2 The weightage to be given to financial capacity, technical capability, past experience and other relevant attributes of the applicants, the sub-categories of these attributes to be evaluated and their inter-se weightage, the guidelines for evaluation and the passing score on attributes /in aggregate required for pre-qualification shall be specified in the bid documents inviting bids for pre-qualification.

8.3 Any entity in order to technically qualify shall be required to have an agreement with proven technology supplier of Solar Power Projects for supply of equipments for the plant.

8.4 The entity must have experience of developing any power sector projects in the last 10 years whose aggregate capital cost must not be less than the amount equivalent to Rs 2.00 Crore per MW of the proposed capacity.

9. SELF IDENTIFICATION OF PROJECTS

9.1 Self identification of sites shall be fully permissible. Whenever such a proposal is received from an entity in respect of a particular project site which has not yet been advertised, the Nodal Agency shall proceed to examine the feasibility of the site for setting up a Solar Power Plant and also determining the optimum power potential that can be harnessed.

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9.2 In case the project site is found feasible, it will be advertized to seek bids. Two-stage bid process as mentioned in para 7 shall be followed.

9.3 While evaluating a price bid, 10% price preference on the highest bid will be given to the entity which has identified the project site. However, he will have to pay the upfront premium at the level of the highest bid.

10. INCENTIVES TO THE POWER DEVELOPERS

10.1 Solar Power Plants (*SPPs*) installed and commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of twenty five years from the date of commissioning or for the life span of the Solar Power Plants (*SPPs*) which ever is earlier.

10.2 No entry tax will be levied by the state Govt. on Power generation/transmission equipment and building material used for Solar Power Plants.

10.3 The Govt. land if required, for Power Projects shall be allotted on lease for 25 years at a premium of Rs. 1 per Kanal.

10.4 In case of non availability of Govt. land, the land required shall be arranged by the entity.

10.5 Wherever required, the state will acquire the land for the project under the provisions of the J&K Land Acquisition Act and lease out the same to the entity for 25 years at a premium of Rs 1 per Kanal plus an amount equal to the compensation of land.

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10.6 Wherever forest land is involved, the state will facilitate permission for use of forest land for non forest purposes under the provisions of the J&K Forest Conservation Act. However, the compensation required to be paid for the purpose including the amount required for net present value, compensatory afforestation etc. will be paid by the entity.

10.7 Mortgage deed in favour of the financing institutions required to be signed by the promoters shall be exempted from payment of stamp duty. The State Government has already enabled equitable mortgage in the state.

10.8 Exemption from court fee for registration of documents relating to lease of land will be granted to the entities.

10.9 No royalty in the shape of free power has to be paid for the Solar Power Projects.

10.10 Entities will be eligible for central financial assistance as per the guidelines of MNRE, GoI as may be applicable.

10.11 Electricity generated from the SPPs and used for self consumption / sale to third party / sale to licensees shall be exempted from payment of Electricity Duty.

10.12 Exemption from demand cut to the extent of 50% of the installed capacity of SPPs, assigned for captive use purpose, shall be allowed.

11. SCHEDULE OF IMPLEMENTATION

11.1 Entity shall prepare and submit the DPR / Company Profile and other information and make necessary applications for obtaining statutory clearances and approvals from state Govt. and regulatory authority (as applicable) after carrying out required confirmatory surveys and investigations as per prevailing regulations/norms. The entity shall be responsible for providing all documents and submissions of documents to

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concerned authorities within 12 months from the date of allotment. The state will facilitate the process of seeking statutory and non-statutory clearances on best effort basis.

11.2 The entity shall achieve the financial closure within three months from the date of receipt of all statutory approvals and clearances given by the state and Central Governments. Financial closure would imply firm commitments for financing the entire Project, with all pre-disbursement conditions having been fulfilled.

11.3 The Project shall be completed and made operational within a period of 24 months after receiving all statutory clearances.

11.4 The failure to fulfill any of the commitments/conditions will result in automatic cancellation of the allotment of site and forfeiture of upfront premium amount. No compensation would be payable to the entity in such instance.

11.5 The entity may surrender the allotment back to GoJK, if it provides sufficient grounds to establish that the Project is technically or commercially not viable.

11.6 The entity shall deposit upfront premium to the Nodal Agency within one month from the date of allotment of the site.

12. WHEELING CHARGES

12.1 Wherever feasible, the infrastructure and transmission/distribution network of PDD shall be available to entities for transmission of the power generated from the SPP. However, the point of interface between the network of PDD and SPP shall be specified in the agreement executed between PDD and the entity.

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12.2 For sale of Power within or outside the state, wheeling charges shall be applicable as determined under norms by the state regulator viz J&K SERC.

12.3 The entity may have the facility of Power banking with the PDD as per JKSERC norms, which will be specified in wheeling and banking agreement executed with PDD.

13. SALE OF ENERGY

13.1 The energy generated from a Solar Power Plant, shall be sold to the PDD or any third party in or outside the state.

13.2 In case of sale of Energy to PDD, the tariff shall be determined by the J&K SERC.

13.3 Projects allotted under this policy will also be entitled to avail the benefit/incentive as may be allowed by the MNRE, GoI from time to time.

14. PLANT AND MACHINERY

14.1 Only new plant and machinery shall be eligible for installation under this policy.

15. METERING OF ELECTRICITY

15.1 The electricity generated from the SPPs shall be metered on a monthly basis jointly by JAKEDA & J&K PDD at the sending sub station of 11 kV or above, located at site. For the purpose of energy accounting Solar based generation projects will have to provide ABT compliant meters at the interface points. Interface metering shall conform to the Central Electricity Authority (installation and operation of meters) Regulations, as may be applicable from time to time.

16. GRID CONNECTIVITY AND EVACUATION FACILITY UPTO PDD SUB-SUBSTATION

16.1 The evacuation facility from the Solar Substation / switch yard to the PDD substation shall be initially approved by PDD/ JKSERC after carrying out the system study. The power by the SPP shall be injected at 11 kV or above.

16.2 The transmission line from the switch yard of the solar substation to the PDD substation shall be laid by the entity. They should be integrated by installing RTUs by solar project developer so that the generation can be monitored at the connectivity substation by the JKSERC on real time basis.

17. OPEN ACCESS FOR THIRD PARTY SALE

17.1 If open access is granted to any entity it shall have to pay the applicable Open Access charges and losses as approved by JKSERC from time to time.

18. RENEWABLE PURCHASE OBLIGATION

18.1 The quantum of power that can be injected in the grid from all renewable sources i.e. purchase by distribution licensees plus captive consumption plus third party sale shall be governed by the JKSERC regulations in this regard.

19. REACTIVE POWER CHARGES

19.1 The drawl of reactive power shall be charged as per the JKSERC order, as amended from time to time.

20. PENALTY FOR NON FULFILLING POWER PURCHASE OBLIGATION

20.1 Distribution licensees in the state of Jammu & Kashmir are mandated to purchase solar power as per limit / sub-limit as may be specified by JKSERC from time to time.

20.2 Distribution licensee failing to meet the minimum solar power purchase / wheel for captive consumption or third party sale obligation specified by J&K SERC shall be liable to pay penalty at a rate of Rs. 12/KWh to JAKEDA which will be passed on to the distribution licensee who procure / wheel for captive consumption or third party sale in the ratio of their solar power purchase during the year. Penalty shall not be levied on distribution licensee in case of non availability of adequate generation from solar power projects in the state of Jammu & Kashmir. This will, however, be subject to the regulations of J&K SERC, if any, in this regard.

21. SHARING OF CLEAN DEVELOPMENT MECHANISM (CDM) BENEFIT

21.1 The solar power project developer will pass on the gross benefits of CDM to the distribution licensee with whom PPA is signed, as per the J&K SERC norms.

22. STATE GOVT FACILITATION AGENCY

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22.1 JAKEDA and J&K PDC shall be the State Government facilitation Agencies for facilitation and implementation of the solar power policy – 2010. These facilitation agencies will facilitate and assist the project developers and undertake the following activities to achieve the objects of the Policy:

- a) Identification of suitable locations for solar projects, preparing a land bank and creation / upgradation of connected infrastructure to the project site i.e roads etc.
- b) Facilitation in arranging Right of Way, Water Supply and in obtaining clearances and approvals which are in the purview of the State Government.
- c) Recommending the project (subject to qualification) to avail benefits under any policy declared or to be declared by Government of India
- d) Promote Research and Development activities for cost effective sustainable and environment friendly technologies in collaboration with internationally and nationally reputed institutions.
- e) Engage the services of national/global experts/consultants for Research and Development of solar and other renewable technologies
- f) Carry out awareness campaign on energy conservation and use of renewable sources of energy at all levels (i.e village, tehsil, district etc. through schools, colleges, educational institutions, community centers and civil society organizations).
- g) Along with project developers, develop appropriate manpower skills by tying up with training or educational institutions through Public Private Partnership (PPP).

23. MID TERM REVIEW

23.1 State Government may undertake a mid term review of this policy after a period of 5 years or as and when the need arises in view of any technological breakthrough or to remove any inconsistencies with JKSERC Regulations made or any Govt. of India policy.

24. POWER TO REMOVE DIFFICULTIES

24.1 If any difficulty arises in giving effect to this policy, the project approval committee is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficulty either on its own motion or after hearing those parties who have sought clarifications for the provisions contained in the policy.

25. REGULATORY OVERSIGHT

25.1 Aspects of this policy that require regulatory approvals from any concerned Regulator would be subject to such approvals being given and would apply in the manner approved by the regulator.

26. ROLE OF NODAL AGENCY

26.1 JAKEDA will be the Nodal Agency in Jammu and Kashmir Divisions of the State and LAHDC Leh/ Kargil will be Nodal Agencies in respect of Leh and Kargil Districts respectively. The Agencies will be responsible for :

- i. Invitation of Bid.
- ii. Evaluation of the bids received.
- iii. Allotment of the SPP sites.
- iv. Forwarding the project proposals to MNRE, GoI for grant of CFA applicable for development of SPPs
- v. Monitoring the progress of the Project and project appraisals.

27. PROJECT APPROVAL COMMITTEE

27.1 The Project approval Committee consisting of following members shall approve the Solar Power Projects based on the financial & Technical criteria:

| | | |
|----|-----------------------------------------------------------|------------------|
| 1. | Administrative Head Science & Technology Department | Chairman |
| 2. | Managing Director, J&K PDC | Member |
| 3. | District Development Commissioner (Concerned district) | Member |
| 4. | Representative of Finance Department | Member |
| 5. | Representative of Power Dev. Deptt | Member |
| 6. | Chief Executive Officer, JAKEDA | Member-Secretary |

28. DEFINITIONS

28.1 Following expressions used in the Policy would have meanings assigned to them as defined here under:

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|-------|-----------|---|----------------------------------------------------------------|
| i. | ABT | : | Availability Based Tariff |
| ii. | CFA | : | Central Financial Assistance |
| iii. | CDM | : | Clean Development Mechanism |
| iv. | Developer | : | A person who develops electricity and transfers it to consumer |
| v. | DPR | : | Detailed Project Report |
| vi. | ENTITY | : | Independent Power Producer |
| vii. | GoJK | : | Government of Jammu and Kashmir |
| viii. | J&K | : | Jammu & Kashmir |
| ix. | JAKEDA | : | Jammu & Kashmir Energy Development Agency |
| x. | JKSERC | : | Jammu & Kashmir State Electricity Regulatory |

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| | | | Commission |
| xi. | LAHDC | : | Ladakh Autonomous Hill Development Council |
| xii. | MNRE | : | Ministry of New and Renewable Energy |
| xiii. | PDC | : | Power Development Corporation |
| xiv. | PDD | : | Power Development Department |
| xv. | PPA | : | Power Purchase Agreement |
| xvi. | Power producer: | | Entity or the Agency Developing MHP |
| xvii. | PRC | : | Permanent Resident Certificate |
| xviii. | R&D | : | Research & Development |
| xix. | RTU | : | Remote Terminal Unit |
| xx. | SPPs | : | Solar Power Plants |