

The Orissa



Gazette

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DEPARTMENT OF ENERGY

No. 7400—PPD-II-2/01(pt)-Eng.

The 23rd June 2003

To

All Departments of Government

SUBJECT—Revised Policy guidelines for execution of Mini/Micro/Small Hydroelectric Projects by private developers.

In inviting a reference to this Department letter No. 6323, dated the 15th May 1998, the undersigned is directed to say that a set of policy guidelines were framed by the Government in 1998 with various criteria and incentives to attract the private entrepreneurs to come forward to establish Mini/Micro/Small Hydro electricity (HE) Projects in the State. Subsequently, changes like raising of the total installed capacity of Small/Mini/Micro H. E. Projects to 25 MW by the Government of India Ministry of Non-conventional Energy sources and taking over of distribution business of GRIDCO by the newly formed private DISTCOs at the level of State Government has necessitated revision of the guideline circulated in the letter dated 15th May 1998. As such the State Government have now formulated a revised policy guidelines which supersedes the guidelines of the 15th May 1998.

Copy of the Revised Policy Guidelines is annexed herewith.

This Revised Policy Guidelines shall come into force from the date of issue.

1.0 Introduction :

Government of India and State Government are promoting Development of Micro, Mini and Small Hydroelectric Projects.

Keeping in view the policy guidelines of the Government of India, the State Government have framed the following policy guidelines to encourage development of Mini, Micro and Small Hydroelectric Projects in the State.

2.0 Definitions :

- (a) Micro Hydroelectric Schemes—
Hydroelectric Schemes with a total installed capacity up to 100kw
- (b) Mini Hydroelectric Schemes—
Hydroelectric Schemes with a total installed capacity up to 2000 kw
- (c) Small Hydroelectric Schemes—
Hydroelectric Schemes with a total installed capacity up to 25mw

3.0 Eligibility :

Any willing Public Sector or Private Sector Developer will be considered by the State Government for setting up Projects if in the opinion of the State Government the party is found capable after considering various aspects like (i) technical soundness of the prefeasibility study, detail survey and investigation report, (ii) financial standing of the party, (iii) experience in the relevant field and (iv) commercial viability.

The State Government will sign MOU with such parties for execution of projects where total cost of the Project is less than Rs. 250 crores and installed capacity is 25 mw or below per site.

4.0 Guidelines for preparation of Project Report :

The party, after signing, of the MOU, shall arrange to prepare Detail Project Report (DPR) through reputed consultants and submit the same to the Engineer-in-Chief, Electricity, Government of Orissa for detailed scrutiny, Capital subsidy available from Government of India or other funds are to be accounted for reducing capital cost of the Project, thereafter clearance by the "State Technical Committee" (STC) which consists of the following members will be processed.

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|---|----|-----------------|
| 1. Engineer-in Chief-Electricity,
Orissa, Bhubaneswar. | .. | Chairman |
| 2. Engineer-in-Chief,
Water Resources. | .. | Member |
| 3. Chief Engineer of the concerned Project
(Water Resources Department). | .. | Member |
| 4. Managing Director,
OHPC Ltd. | .. | Member |
| 5. Director (Commerce), GRIDCO | .. | Member |
| 6. Superintending Engineer,
H. P. I. Circle, Bhubaneswar. | .. | Member Convenor |

The Engineer-in-Chief, Electricity will be the nodal officer for such project. Information on capital subsidies or grants available from Government of India and other agencies are available with the Engineer-in-Chief, Electricity.

The Committee should normally consider the viability of the project within three months, from the date of submission of DPR.

- 4.1. Clearance from the other State Government agencies like State Pollution Control Board, State Forest and Environment Department etc. shall be obtained by the Developer. The Developer should also get in principle clearance of Water Resources Department of Government of Orissa if the Power plant is to use any existing canal or infrastructure of the Water Resources Department. In other cases clearance of Water Resources Department will be given by the State Technical Committee where Engineer-in-Chief, Water Resources is a member. State Government will extend all possible co-operation for obtaining clearances from other organisations. The State level nodal Committee approval/implementation of these projects and sort out interdepartmental issues.
- 4.2. In case the developer intends to use the transmission and sub-transmission system, it should obtain in-principle clearance from GRIDCO/DISTCO.

5.0 Permission and Tariff:

- 5.1. A generating company intending to set up a hydroelectric plant does not need a license or prior approval/consent from OERC while a developer other than a generating company has to obtain consent of OERC under Section 44 of Electricity (Supply) Act, 1948 read with Section 21(3) of the Orissa Electricity Reform Act, 1995.
- 5.2. A developer may utilise the power generated through the power plant for captive use at the place of generation or at any other place in the State with permission of OERC subject to technical feasibility on the system on payment of access charge and wheeling charges to be determined by OERC.
- 5.3. While the developer does not acquire a right to sale of Energy to the Bulk Supply/Distribution Licensee, he may be allowed to do so on the basis of a PPA with the Licensees to be approved by OERC.
- 5.4. Transmission capacity permitting a developer or a Generating Company shall be allowed to transmit energy outside State on payment of transmission/wheeling charges to be determined by the appropriate authority.
- 5.5. Inside the State, the Generating Company may supply energy to any one/or any area not served by the Licensees after obtaining License under Section 15 or exemption under Section 16 of Orissa Electricity Reform Act, 1995.
- 5.6. Banking of energy generated through a Captive Hydro Plant shall be allowed on annual basis. The financial year shall be reckoned for the purpose. Two and half per cent of energy despatched shall be deducted towards banking charges.
- 5.7. Energy from project not utilised during the year by the developer for his captive use will be treated as sold to GRIDCO/DISTCO at the price negotiated with them and approved by OERC.

The consumption by industry should not normally be in excess of the despatch from the CPP. However over drawal, if any, over the financial year would be billed at highest cost of power being procured by GRIDCO during the year plus wheeling charges as determined from time to time.

The developer of the captive power plant would be treated as an electricity operator if it remains connected to the grid.

- 5.8 The above norms and guidelines would apply only to Micro/Mini/Small Hydel and are subject to change pursuant to any change in regulatory framework. In case there is any conflict between the policy guidelines and other statutory provisions, the latter shall prevail.

6. Infrastructure Facilities :

- 6.1 Land—Land required for Micro/Mini/Small Hydro Project will be provided by the Government directly or through IDCO as in case of new industrial project.

6.2.0 Grid Interfacing and Metering :

- 6.2.1 Grid interfacing required to connect the Generating Units, have to be constructed by the party at their own cost. Scheme for the proposed inter-connecting lines and sub-station to the nearest 33/11 KV Sub-station or 132/220/33 kv Grid Sub-station, will require the approval of GRIDCO/DISTCO and included in the DPR.

6.2.2 Interconnection lines and sub-stations are to be constructed and maintained by the Developer, GRIDCO/DISTCO also may maintain the same by mutual agreement on payment of annual charges as per the rules and regulations of GRIDCO/DISTCO.

6.2.3 The main and the check meters should be installed by the developer at the interconnection point of GRIDCO/DISTCO Sub-station.

7. Incentives :

All incentives and facilities applicable to new industrial units and CPPS under the Industrial Policy in force will be available to Micro, Mini and Small Hydro Projects, provided that there will be no royalty charges on water for its non-consumptive use in power generation for the first 5 years of operation.

8. Application Procedure :

Developers interested in setting up such Small, Mini and Micro Hydro Electric Project or Projects for generation of electricity from the non-conventional Energy sources may apply to the Engineer-in-Chief (Electricity), Government of Orissa, Bhubaneswar, in the prescribed Form (Annexed), who will process and submit the same to the Government for approval.

DOCUMENTS AVAILABLE WITH E. I. C., ELECTRICITY

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|--|--------------------------|
| 1. List of Micro, Mini and Small Hydel Project in the State. | Rs. 500/- per set |
| 2. Standard Power Purchase Agreement | Rs. 1,000/- per set |
| 3. Pre-feasibility reports of projects | Rs. 5,000/- per project |
| 4. Detailed Project Reports | Rs. 25,000/- per project |

Note—All the above payments are to be made by cash only.

PROCEDURE FOR DEVELOPMENT OF MICRO, MINI & SMALL HYDROELECTRIC PROJECT IN ORISSA

1. All Micro, Mini and Small Hydro Projects up to an installed capacity of 25 MW & Capital cost of Rs. 250 crores will be allowed to be developed in the MOU route.

Definitions :

(a) Micro Hydroelectric Schemes :

Hydroelectric Schemes with a total installed capacity up to 100 kw

(b) Mini Hydroelectric Schemes :

Hydroelectric Schemes with a total installed capacity up to 2000 kw

(c) Small Hydroelectric Schemes :

Hydroelectric Schemes with a total installed capacity up to 25 mw

2. (i) A list of all such projects with salient details worked out as on 1-1-2000 will be available with the EIC, Electricity. Brief Pre-feasibility report for such projects as prepared by EIC, Electricity will also be available. Such list will be made available to any Developer on payment of cost Rs. 500 per set. Developers can identify, investigate and prepare pre-feasibility report by themselves also and apply directly for allotment.

- (ii) (a) The Developer should, in their own interest visit the potential sites for verifying various projects relating to parameters viz. discharge-cum-head-cum-water availability, habitation etc. They should also ensure that the project components do not fall in the wild life sanctuaries, national parks, reserve/protected forest, echo-protection zones etc., and also do not interfere overlap with existing/ongoing/proposed Hydroelectric Project of the State Public Sector Undertaking/Government of India Undertakings or private investors before submitting their offers in the prescribed application.
- (b) The application should be completed in all respect, supported with the requisite documents and accompanied with the Earnest Money Deposit (EMD) of Rs. 1 lakh only per project in shape of Bank Guarantee in the prescribed Format. In case the project applied for is not allotted to the applicant developer/firm, the E. M. D. shall be refunded. However, if the project applied for is allotted but the allottee Developer does not sign the MOU within the stipulated date, the EMD shall be forfeited.
- (c) After allotment of the project, the EMD will be refunded only after submission of another Bank Guarantee (refundable) towards Security deposit to be given @ Rs. 1 lakh per MW before signing the MOU.
- (d) The Developer shall have to stick to the time schedule for the investigation of the project site and submission of the DPR.
- (e) The incentives/concessions offered by the MNES/Government of Orissa shall be applicable for all Small Hydroelectric Projects. The final decision of the actual capacity of the project shall rest with the Orissa Government.
- (f) The Developer will pay all taxes and duties or other levies etc., to the Government of India/Government of Orissa as per the statutory rules in force from time to time.

3. The E. I. C., Electricity will advertise in the month of January every year all the feasible projects available including the left outs of the previous year inviting "Letters of Interest" asking for offers from those Developers interested to take up such Hydro Projects. Offers received will be considered on a quarterly basis.

First preference will be given to Developers who want to develop the project as Captive Power Plant, exclusively for their own use.

4. After receipt of Letters of Interest it will be segregated into two grounds—

- (i) Captive Power Plant and (ii) IPPs.

The State Government will allocate the projects through MOUs on receipt of a report from the E. I. C., Electricity. In case there are large number of interested parties for any projects, it would be short listed through a "Pre-qualification" process by the State Technical Committee (STC).

In case there is no response for any particular Project, the project will be assigned through MOU to a Developer on "First come first serve" basis.

5. The State Government will allocate the specific project to specific developers based on PQ evaluation judged by the State Technical Committee already set up for approving DPR for the Projects.

6. The Developer will then prepare DPR for the project along with power evacuation arrangement approved and submit to E. I. C., Electricity and GRIDCO/DISTCO for approval. The EIC will process the DPR to be approved by the State Technical Committee set up for the purpose.

7. The Committee will scrutinise and approve the DPR on receipt of clearance for power evacuation (transmission) arrangement from GRIDCO/DISTCO.

8. In case the power is to be sold to GRIDCO/DISTCO the developer would submit the draft PPA signed with GRIDCO/DISTCO to the OERC for approval. On receipt of approval, he would take up construction of the Project, subject to availability of other statutory clearances and financial closures.

9. In the event the project works are not started within a year of financial closure, the MOU and the PPA will stand cancelled automatically.

P. C. JENA
Joint Secretary to Government