

**Policy**

**For**

**Development of Micro & Mini Hydro  
Power Projects upto 2 MW-2015**

**Government of Uttarakhand**

**No. 54/I/2015-03/21/2014**  
**Dehradun : Dated : 31<sup>st</sup> January, 2015**

1. Uttarakhand, a state richly endowed with perennial rivers and water streams, has a large potential of generating power using hydro power projects. Uttarakhand has an estimated potential of about 3000 MW of hydro power, in the small, mini and micro hydro segment. Out of this only about 170 MW of small hydro power projects have been installed. There is a huge untapped potential of generating power from micro/mini hydro projects of capacities up to 2 MW. This potential, if harnessed efficiently, can help to meet Uttarakhand government's goals of rural development, viz-a-viz, electrification, revenue generation and livelihood development.

Community managed micro/mini hydro power projects with effective support and partnership with public and private sector has the potential to sustainably address the unmet demand of energy in rural areas of Uttarakhand. Micro/mini hydro power projects are also clean and renewable sources of energy having a minimal impact on natural biodiversity and human settlements. In addition, Uttarakhand government recognizes the threat of climate change and envisages micro/mini hydro power as one of the key mitigation initiatives of the state.

Therefore, to promote micro/mini hydro power projects in the state, it is essential to formulate a comprehensive policy which aims to accelerate growth of micro/mini hydro power projects in Uttarakhand by providing a favorable environment for all the stakeholders.

2. Following expressions used in the Policy would have meanings assigned to them as defined hereunder:
  - (a) **'CERC'** means the Central Electricity Regulatory Commission of India, constituted under sub-section (1) of Section 76 of the Electricity Act, 2003, or its successors.
  - (b) **'DISCOM'** means the licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers of Uttarakhand.

- (c) **‘DPR’** means Detailed Project Report.
- (d) **‘GoUK’** means Govt. Of Uttarakhand.
- (e) **‘Interconnection point’** shall mean interface point of micro/mini hydro power project with the transmission system or distribution system which shall be line isolator on outgoing feeder on HV side of generator transformer as defined in UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating Stations) Regulations, 2013 or as amended from time to time.
- (f) **‘LOA’** Letter Of Allotment for the project to be given by UREDA to the successful developer.
- (g) **‘Mini/micro hydro power project’** means hydro power projects with capacities up to 2 MW in the state of Uttarakhand.
- (h) **‘PAC’** means Project Approval Committee constituted by the GoUK.
- (i) **‘Panchayat Raj Institutions (PRIs)’** means Gram Panchyat (GP) or Block Panchayat (BP) or Zila Panchayat (ZP) elected under Panchyat Raj Act as amended from time to time in the State of Uttarakhand.
- (j) **‘Policy’** means the Uttarakhand policy for development of micro/mini hydro power projects up to 2 MW, unless stated otherwise.
- (k) **‘PPA’** means Power Purchase Agreement signed between Discom of Uttarakhand (Uttarakhand Power Corporation Ltd.) and the project developer.
- (l) **‘Project’** means mini/micro hydro power project with capacity upto 2 MW in the state of Uttarakhand.
- (m) **‘Project site’** means the area in which diversion to tailrace of the proposed project is located.
- (n) **‘PTCUL’** means the Power Transmission Corporation of Uttarakhand Ltd.
- (o) **‘State’** means the State of Uttarakhand, unless stated otherwise.

- (p) **‘SPV’** means Special Purpose Vehicle formed between the eligible PRI’s and the SPV partner, selected by the bidding process.
- (q) **‘TAC’** means Technical Appraisal Committee constituted by the GoUK and consisting of technical, financial and social experts.
- (r) **‘UERC’** means Uttarakhand Electricity Regulatory Commission, constituted under sub-section 1 of section 82 of the Electricity Act 2003, or its successors.
- (s) **‘UREDA’** means the Uttarakhand Renewable Energy Development Agency, the designated State Nodal Agency of the Ministry of New & Renewable Energy, Government of India that owns the mandate for implementation of all renewable energy programmes in the state of Uttarakhand.
- (t) **‘Bidder’** means any SPV partner intending to form SPV with the eligible PRI’s through bidding mechanism.
- (u) **‘Developer’** means PRI’s or SPV who has been allotted the micro/mini hydro power project with capacity upto 2 MW in the state of Uttarakhand under this policy.

The terms not defined above will have their usual meaning.

### 3. **Objective**

To create condition conducive to private sector/community participation in Micro & Mini Hydro Power Projects in the state. In particular:

- 3.1 To harness the environment friendly Micro & Mini hydro power resources and enhance their contribution to the socio-economic development of the state.
- 3.2 To improve quality of life in rural Uttarakhand by addressing access to energy issues through electricity generated from micro/mini hydro power projects.
- 3.3 To provide decentralized energy supply to agriculture, industry, commercial & household sector.

- 3.4 To create a favourable environment for community ownership and private sector participation in micro/mini hydro power sector in Uttarakhand.
- 3.5 To promote the development of micro/mini hydro power projects as a clean source of energy in the State.
- 3.6 To promote grid-compatible power generation and strengthen the quality of rural grid.

#### **4. Title and enforcement**

- 4.1 This Policy will be known as “Policy for development of Micro & Mini Hydro Power Projects upto 2 MW-2015”.
- 4.2 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. Nodal Agency**

Uttarakhand Renewable Energy Development Agency (UREDA) shall be the Nodal Agency for implementation of this policy in the state.

#### **6. Classification of the Projects**

Micro & Mini Hydro Projects would be classified as:-

- a) Micro hydro projects having capacity upto 100 KW.
- b) Mini hydro projects having capacity above 100 KW and up to 2 MW.

#### **7. Eligibility**

- 7.1 The Micro/Mini hydro projects upto 2 MW capacity shall be reserved for the Panchayat Raj Institutions (PRIs) of Uttarakhand:  
Provided,
  - a) First priority will be given to the Gram Panchayat (GP) within whose area the complete proposed project site is located.

- b)** However, in case the complete proposed project site comes within two or more GPs, the preference will be given to the GP within whose area the power house is located.
- c)** If either of a) & b) are not willing to participate, the next preference would be given to the GP located in the vicinity of the proposed project site.
- d)** In case a), b) & c) are not willing to participate, the next preference would be given to the Block Panchayat within whose area the proposed site is located.
- e)** If all of the above i.e 7.1 (a to d) are not willing to participate, the next preference would be given to the concerned Zila Panchayat.

**7.2** Provided that, the projects, under clause 7.1, would be executed by the PRIs either:

- i.** On their own or,
- ii.** With the aid of an SPV partner to be selected by bidding process.

However, the ownership of the projects as mentioned in clause 7.1 will always vest with the concerned PRIs.

Provided that, in case 7.2 (ii) the eligible PRI's can form SPV with any of the following:

- i.** Any community based organizations (CBOs) like Van Panchayat, Mahila Mangaldal, Yuvak mangaldal, ex-soldier society or SHGs of the State of Uttarakhand.
- ii.** Any societies of Uttarakhand registered under the Society Registration Act 1860, subjected to the condition that all the members of the society are domicile of Uttarakhand.
- iii.** Any Co-operative societies registered in Uttarakhand under the Co-operative act, subjected to the condition that all the members of the society are domicile of Uttarakhand.
- iv.** Any registered firms/companies registered under the Company Act 1956 having its registered office in Uttarakhand and in which the domicile of Uttarakhand always has maximum equity shares.
- v.** Any industry registered in District Industries Offices of Uttarakhand.

- vi. Any central/state power utilities, state governments/organizations or any other government owned entities.

**8. Procedure for allotment of sites for development of hydro power projects :**

**8.1** The Nodal Agency shall be responsible for identifying the potential sites and prepare the Detail Project Report (DPR) for the development of MHP sites.

**8.2** The available sites shall be advertized to seek bids.

**8.3** Application shall be invited from the eligible PRI's as per prescribed application form. Based on the application:

- i. If the eligible PRI's wishes to execute the project on their own they will have to apply in the prescribed application form as approved by the GoUK.

- ii. However, if the eligible PRI's wishes to constitute SPV with the partnership of any eligible SPV partner, then the concerned SPV partner will be selected as per the bidding process.

- iii. The bidder intending to become an SPV Partner with the eligible PRI's shall submit their proposals according to the prescribed bid documents as approved by GoUK.

**8.4** The eligibility of the interested SPV partner shall be evaluated on the basis of pre-qualification criteria as mentioned in the bid document. Price bid of only those bidders shall be considered who are found eligible as per the pre-qualification criteria.

**8.5** The applications shall be accompanied with a non-refundable Demand Draft of Rs. 5,000/- as non-refundable processing fees.

**8.6** The proposal received within stipulated time frame from the bidder shall be scrutinize and shortlisted by the Technical Appraisal Committee (TAC), as

defined in section 15, based on the prescribed financial and technical criterion of the bid documents.

**8.7** The allotment of the project to the successful bidder shall be done by the Project Approval Committee (PAC), as defined in section 16.

**8.8** The bidder willing to offer the maximum percentage of revenue share to the eligible PRI's shall be chosen as SPV partner to execute the project.

**8.9** The successful bidder i.e. the selected SPV partner, shall deposit, the security amount of Rs. 1,00,000.00 (one lach only) in case of projects having capacity upto 100 KW and Rs. 10,00,000.00 (ten lacks only) for the projects having capacity above 100 KW and upto 2 MW. The security amount will in the form of Bank Guarantee issued by any Nationalized Bank in the favour of Director, UREDA payable at Dehradun.

**8.10** The Bank Guarantee shall be returned to the successful developer after successful commercial operation (COD) date of the project.

**8.11** Government of Uttarakhand reserves right to allot any Micro/Mini hydro power project to any State Government entities without participating in the bidding process.

**9. Evaluation/Pre-qualification Criteria :**

Pre qualification of the SPV partner, as the case may be, will be based on the following criteria:-

**For the project having capacity upto 100 KW**

- a. Under this capacity, the SPV partner of the project should fulfill the eligibility criteria as define in the bid document.
- b. The financial capability of the SPV partner should not be less than Rs. 10,000.00 per KW for project capacity.

**For the project having capacity above 100 KW and upto 2 MW**

- a. SPV partner should have i) experience in developing, constructing and operating hydro power projects or ii) have experience of any infrastructure



related works and services in Uttarakhand. However in case (ii), the SPV partner should provide evidence regarding technology tie up for technical support from any company/consultant/agency.

- b.** The SPV partner of the project should fulfill the eligibility criteria as define in the bid document.
- c.** The financial capability of the SPV partner should not be less than Rs. 25,000.00 per KW for project capacity

#### **10. Allotment Procedure :**

- 10.1** Bidder, who bids to offer the maximum percentage of revenue share to the eligible PRI's shall be declared as successful SPV partner.
- 10.2** Accordingly, Nodal Agency would issue the letter of allotment (LOA) to the successful bidder for submission of security amount and signing of Implementation Agreement (IA).
- 10.3** After receiving the security amount, Nodal Agency/GoUK will sign the Implementation Agreement (IA) with the successful bidder within 30 days of issue of letter of allotment (LOA). The detail of implementation schedule, obtaining clearances and other related information will be defined in the IA.

#### **11. Technical Support to Developer :**

- 11.1** The Nodal Agency shall empanel qualified Design and Supervision Consultancy (DSC) firms for providing technical services to the concerned PRI's.
  - i.** In case eligible PRI's opt for construction of project on their own they may opt for taking services from these empanelled firms. The payment for the service rendered by the DSCs would be made by the concerned PRI's.
  - ii.** SPV partner can also avail the services of these empanelled firms, if they wish on payment basis.
- 11.2** Uttarakhand Jal Vidyut Nigam Limited (UJVNL) and Nodal Agency will provide the training for execution, operation & maintenance of the project to the representatives of the eligible PRI's interested to execute project by

their own. The cost incurred for these trainings shall be borne by UJVNL or GoUK.

**12. Schedule of Implementation :**

**12.1** As per the Ministry of Environment and Forest, Government of India notification dated 14 September 2006, no prior environmental clearance is required for Micro & Mini Hydro Projects, as these projects come under the environment friendly projects.

**12.2** Developer shall obtain required statutory clearances and approvals (if any) in case of purchase of land for construction of the project within 6 months of allotment of the project.

**12.3** The developer shall achieve the financial closure within 9 months from the date of allotment. Financial closure would imply firm commitments for financing the entire Project, with all pre-disbursement conditions having been fulfilled.

**12.4** The Project shall be completed and made operational within a period of 36 months after financial closure of the project.

**12.5** In case of force majeure circumstances that may include but are not restricted to Acts of God, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes etc, the developer may surrender the allotment to the GoUK providing sufficient and adequate circumstances for doing so, subject to the acceptance of the Nodal Agency.

**13. Incentives/benefits available under this policy :**

**13.1** Developer will be eligible for central financial assistance as per the standing guidelines of Ministry of New and Renewable Energy (MNRE), GoI.

**13.2** Developer could avail the Social Venture Capital Fund available with Rural Development Department through UPASaC (Uttarakhand Parvatiya Aajeevika Sanvardhan Company) and other programmes after fulfilling the eligibility conditions.

**13.3** No royalty shall be charged on these projects.

- 13.4** No entry tax will be levied by the state Govt. on Power generation/transmission equipment and building material used for MHPs.
- 13.5** The projects awarded under this policy shall be exempted from the “Water user charges”.
- 13.6** The Govt. land including the land belongs to the eligible PRI’s, other than the forest land, if required, for Power Projects shall be allotted on lease for 40 years @ premium of Rs. 1 per sq. m. However, in case of non availability of Govt. land, the land required shall be acquired by the concerned developer. If forest land is required for power project, the applicable rules shall apply.
- 13.7** Exemption from court fee for registration of documents relating to lease of land will be granted to the developer.
- 13.8** Micro & Mini hydro projects in Uttarakhand shall be treated as an Industry, all benefits declared by the State Government for the industry from time to time will also be applicable to these power projects.

**14. Tariff :**

- 14.1** For the projects allotted under this policy, the developer shall be free to sell the power to any consumer or can be used for captive. If developer wishes to sell the generated power to DISCOM of Uttarakhand than DISCOM of Uttarakhand is bound to purchase the electricity generated from the project. In this case, the Power Purchase Agreement will be executed between DISCOM of Uttarakhand and the developer as per the tariff specified by the UERC.
- 14.2** Banking of power shall be allowed as per applicable regulations issued by the UERC from time to time. A separate Agreement will be executed for banking of power with DISCOM of Uttarakhand for such banking. The wheeling agreement with Power Transmission Corporation of Uttarakhand Ltd. (PTCUL) /DISCOM of Uttarakhand/or with other grid or network as appropriate will be executed separately.

**15. Technical Appraisal Committee :**

The Technical Appraisal Committee (TAC) will consist of following members:-

- (1) Chief Project Officer, UREDA
- (2) GM/DGM, UPCL
- (3) GM/DGM, PTCUL
- (4) GM/DGM, UJVNL
- (5) Electrical Inspector, Govt. of Uttarakhand
- (6) Dy. Chief Project Officer (MHP), UREDA.

**16. Project Approval Committee :**

The Project Approval Committee (PAC) will consist of following members:-

- (1) Principal Secretary/Secretary, Energy/Renewable Energy, GoUK (Chairman).
- (2) Principal Secretary/Secretary/Additional Secretary, Industrial Department, GoUK (Member).
- (3) Principal Secretary/Secretary/Additional Secretary Rural Development, GoUK (Member).
- (4) Principal Secretary/Secretary/Additional Secretary Panchayat Raj, GoUK (Member).
- (5) Principal Secretary/Secretary/Additional Secretary, Revenue Department, GoUK (Member).
- (6) Principal Secretary/Secretary/Additional Secretary, Finance Department, GoUK (Member).
- (7) Director, Uttarakhand Renewable Energy Development Agency, (Member-Secretary).
- (8) MD, Uttarakhand Power Corporation Limited, (Member).
- (9) MD, Power Transmission Corporation of Uttarakhand Limited, (Member)
- (10) MD, Uttarakhand Jal Vidyut Nigam Limited, (Member)

**17. Wheeling Charges :**

The wheeling shall be applicable as decided by UERC from time to time.

**18. Open Access :**

If Open Access is granted to any developer they shall have to pay the applicable Open Access charges and losses as approved by UERC from time to time. The Cross Subsidy Surcharge shall be payable by the buyer, if he is a consumer of distribution licensee, as approved by the Commission from time to time.

**19. Metering of Electricity :**

Metering arrangement shall be made as per Central Electricity Authority (Installation & Operation of Meters) Regulations, 2006, the Grid Code, the Metering Code and other relevant regulations issued by UERC/CERC in this regard.

**20. Power Evacuation and Grid Interfacing Facility :**

Power evacuation and grid interfacing arrangement will be as per the regulation/procedures defined by UERC and as amended time to time.

**21. Reactive Power Charges :**

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

**22. Clean Development Mechanism :**

The project developer shall pass on the benefits of Clean Development Mechanism as per the directions provided by CERC/UERC from time to time.

**23. Insurance :**

During execution and operation of the project allotted under this policy shall be insured by the concerned developer.

**24. Miscellaneous :**

**24.1** The total number of projects allocated to any SPV partner shall be limited to 3 (three) numbers. However, the SPV partner shall submit separate bid for each location in the prescribed format of bid documents.

**24.2** Projects allotted before the date of publication of this Policy in the Official Gazette shall continue to be governed by the Policy under which they were allotted; these would not eligible for incentives under this Policy.

- 24.3** The failure to fulfill any of the commitments/conditions may result in automatic cancellation of the allotment of site and forfeit of the security amount. No compensation would be payable to developers in such instance.
- 24.4** The SPV partner shall not be allowed to change the ownership pattern of its firm/company up to a period of 3 (three) years after the COD.
- 24.5** Projects including machineries, T&D equipments and other civil structure etc would be offered for a period of 40 years including construction period from the date of award at the end of which they shall revert to the GoUK.
- 25. Power to remove Difficulties :**
- If any difficulty arises in giving effect to this policy, Principal Secretary/ Secretary, Renewable Energy Department, GoUK 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 represented for change in any provision.
- 26. Amendments/Relaxation/Interpretation/Disambiguation of Provisions of the Policies :**
- GoUK shall have powers to amend/relax/interpret/disambiguate provisions under the policy.
- 27. Applicability :**
- This Policy would become effective from the date of its notification.

**Dr. Umakant Panwar**  
**Secretary**