

GOVERNMENT OF MADHYA PRADESH

Implementation of Solar Based Projects in MP Dated 20 July, 2012

Sl. No.	Description	Summary
1.	Title	Implementation of Solar Power Based Projects in MP Dated 20 July, 2012
2.	Applicability	<ul style="list-style-type: none"> • All Solar power developers and manufacturing units of equipments and ancillaries related to Solar Power Projects • Only new plant and machinery shall be eligible for installation under the policy • Any Individual firm/Society/Institution/Registered company shall be eligible to apply
3.	Operative Period	<ul style="list-style-type: none"> • From the date of notification in Madhya Pradesh Gazette. Notified in Gazette in Hindi vide notification dated 20th July, 2012
4.	Nodal Agency	Office of Commissioner, New and Renewable Energy Department, GoMP for registration and post development activities
5.	Category of Solar Projects	<ul style="list-style-type: none"> • Category I: Projects selected as per competitive bidding process for selling power to MP Discoms / MP Power • Category II: Projects setup for captive use or sale of power to 3rd party within or outside the state through open access • Category III: Projects set up under Renewable Energy Certificate (REC) mode • Category IV: Projects under Jawaharlal Nehru National Solar Mission (JNNSM)
6.	Targets	<ul style="list-style-type: none"> • Category I: Total capacity under this category will be as per Renewable Purchase Obligation (RPO) targets specified by MPERC/GoMP. Selection of the projects shall be through tariff based competitive bidding process. • Category II: Producer may setup Solar power plants of unlimited capacity subject to single project capacity limitation as per this policy for captive use or sale of power to third party / states other than MP. • Category III: Producer to set up Solar power plants of unlimited capacity under REC mechanism.
7.	Capacity Cap	<ul style="list-style-type: none"> • Category I Projects: Maximum and minimum project capacity allocation to each producer for grid connected Solar plants will be as per guidelines of GoMP. • Category II Projects: Maximum and minimum single project capacity allocation for grid connected plants to be installed on Govt. Land. <i>SPV: Minimum-0.025MW, Maximum-100MW. Solar Thermal: Minimum-1MW, Maximum-100MW</i> • No capacity limit for projects on Pvt. Land. • Category III Projects: Maximum and minimum capacity for accreditation under REC mechanism as per CERC/MPERC. • Category IV Projects: Maximum and minimum project capacity allocation to producer for grid connected plants sanctioned under JNNSM will be as per guidelines under JNNSM.
8.	Eligible Units	<ul style="list-style-type: none"> • Category I Projects: <ul style="list-style-type: none"> – GoMP to invite proposals for selection of plants through tariff based competitive bidding as per qualification criteria fixed by GoMP. – Only projects installed in MP eligible for incentive under this policy subject to registration as per provisions of policy. • Category II Projects: <ul style="list-style-type: none"> – GoMP to invite offers for setting of Solar plants in MP in the prescribed format along with technical specifications. – MP power management company shall have the first right of rejection of power produced from the Solar plants installed on the Govt. Land. In this case, power purchase rates shall be as per MPERC. – For projects on Pvt. Land, they will be eligible for incentives under the New Policy subject to registration to GoMP. – For projects on Govt. Land, the available land to be offered on basis of maximum free energy per MW offered by eligible and qualified bidders and they would be eligible for incentives under this policy.

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		<ul style="list-style-type: none"> • Category III Projects: <ul style="list-style-type: none"> – Projects under REC mechanism eligible for policy benefits as allowed under CERC/MPERC. – For projects on Pvt. Land, any enterprise qualifying the criteria as specified under CERC REC mechanism may apply to State Nodal Agency and for registration. – For projects on Govt. Land, the available land to be offered on basis of maximum free energy per MW offered by qualified bidders and they would be eligible for incentives under this policy subject to registration to GoMP. – Benefits like banking, wheeling, shall be applicable as per provision made by CERC/Authorities. – Category IV Projects: as per guidelines under JNNISM.
9.	Registration	<ul style="list-style-type: none"> • Developers, Individual, Company, Firm, Society, NGO etc to submit following documents for registration: <ul style="list-style-type: none"> – Application in the prescribed format – Certified copies of Memorandum and Articles of Association of the company/ certified copy of the bylaws of registered society. – Certified copy of partnership deed. • Eligible developer to deposit non refundable processing fee of Rs.1.00 Lac per MW or part thereof for project registration within a period of 15 days from the issues of demand note. In case of failure to submit the fee within stipulated time application for registration shall be treated as cancelled. • For details for post registration activities, developer may refer the policy.
10.	Performance Guarantee	<ul style="list-style-type: none"> • Category I Projects: As per guidelines issued by GoMP. – Category II & III Projects: Availing policy benefits. – Developer to submit bank guarantee @ Rs.5.00 Lac per MW or part thereof to GoMP for project set up on Govt. Land. Bank guarantee to be valid for 24 months for SPV projects and 40 months for Solar thermal projects respectively. – Bank guarantee to be released to the developer after evaluating the achievements and as per the project benchmarks specified in the policy. – In case developer fails to achieve the desired progress and the project is cancelled, the balance remaining bank guarantee at the time of cancellation to be forfeited and encashed as penalty. Decision of GoMP would be final in this regard. – In case, project is not setup for want of approval from the Govt., the performance guarantee shall be released. – For project setup on Pvt. Land, developer is exempted from submitting any performance guarantee.
11.	Administrative Approval	Applications received to be examined and accorded approval, if found acceptable by GoMP within a period of 30 days from the date of submission of all the documents.
12.	Monthly Progress Report	Developer to submit monthly progress report in the prescribed format from the date of registration to till the commercial operation date.
13.	Extension of Time Limit	<ul style="list-style-type: none"> • Category I Projects: As per guidelines issued by GoMP. – Category II & III Projects: Availing policy benefits. – One time extension of 6 months for achieving financial closure. Any further extension, if any, shall be the sole prerogative of New & Renewable Energy Dept., GoMP.
14.	Tariff	<ul style="list-style-type: none"> • Category I Projects: PPA to be executed between MP Discoms/MP Power Management Company Ltd. and successful bidders as per the tariff arrived by the process of tariff based bidding. However, the rates shall not be more than the rates specified by MPERC. • Category II Projects: PPA to be executed between the power producer and the procurer on mutually agreed rates. A separate agreement to be executed for banking of power with MP Discoms/MP Power Management Company Ltd. Wheeling agreement to be executed separately with MPTCL/ MP Discoms or with other grid or network. • Category III Projects: PPA to be executed between the power producer and the procurer as per regulations/orders of CERC/MPERC.

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		<ul style="list-style-type: none"> • Category IV Projects: PPA to be executed between the power producer and the procurer (NVVN/MP Discoms/MP Power Management Company Ltd.) as per guidelines under JNNSM.
15.	Metering	Metering equipment as may be stipulated by MPPTCL/MP Discom to be installed at the interconnection point by the developer at their own cost as per specifications and provisions of MPERC regulations on metering and MP Electricity Supply Code 2004.
16.	Grid Evacuation	<ul style="list-style-type: none"> • Developer to lay power evacuation line from generating station to the nearest substation or interconnection point with associated switchgear. • In case, MPTCL/MP Discom takes up this work, the cost shall be borne by the developer. • Developer under approval of MPPTCL/Discom, may carry out construction work by paying supervision charges as applicable. • Developer to be responsible for paying all wheeling and transmission charges to MPPTCL/Distribution Company, in case of sale of power to third party Consumers/ Distribution Licensee/Power Management Company Limited utilizing their network. Payment shall be subject to MPERC regulations.
17.	Land Use Permissions	<ul style="list-style-type: none"> • Land requirement: Govt. land if available shall be 3.0 Hectares per MW. • Conditions: In case of Govt. revenue land and permission for land use, the circulars dated 06.09.2010 and 08.08.2011 of the Revenue Department (GoMP) shall be applicable. • In case of forest land, the applicant will have to take permission from concerned authorities. • In case, developer purchases private land for project, he is eligible for exemption of 50% of stamp duty. • In case of Govt. Land, New and Renewable Energy Department shall take possession of the land and subsequently give permission for use of the land to the developer.
18.	Jurisdiction	<ul style="list-style-type: none"> • MPERC shall have exclusive jurisdiction on those provisions of the policy which are with its regulatory mandate for the management of Electricity Act 2003. • In case of any dispute, interpretation of the policy, the same shall be referred to the State Govt. / MPERC.
19.	Migration of Solar Projects Registered under NRSE Policy 2006	<ul style="list-style-type: none"> • One time offer: A onetime offer to be extended to developers registered under NRSE policy 2006, which have not attained commissioning to develop projects under various categories. Developers to intimate in writing to GoMP for setting up of Solar projects in MP within 2 months of notification of this Solar Policy in the official Gazette. • Category I Project: <ul style="list-style-type: none"> – No separate registration required for availing benefits under this policy. – Applicable processing fee will be as specified under the present policy. In case, the processing fee initially paid by the developer is higher than the specified amount, GoMP shall release the balance amount without interest to the developer. In case the processing fee is less, the developer shall submit the balance amount to GoMP for registration (under this policy) within 30 days of allotment of projects or within 30 days of declaration of this policy, whichever is later. – For unsuccessful bidders, the entire processing fee initially paid by the developer will be reimbursed by GoMP on receipt of an application for the same within 30 days of allotment of project or within 30 days of declaration of this policy, whichever is later. – Captive use/direct sale to third/states other than MP through open access (as per category II projects): – Registered Solar projects under NRSE Policy 2006 may develop project after written intimation to New and Renewable Energy Department within 2 months of notification of this policy and submit PPA for third party sale within 3 months of the notification of the policy.

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		<ul style="list-style-type: none"> • In case, the processing fee initially paid by the developer is higher than the specified amount, GoMP shall release the balance amount without interest to the developer within 30 days of receipt of written request from the developers. In case the processing fee is less, the developer shall submit the balance amount to GoMP for registration (under this policy) along with request for development of project under this category. <ul style="list-style-type: none"> – Category III projects (under REC mechanism): – In case, developer wish to set up projects under this category the processing fee amount shall be as specified in this policy for the refund of excess payment or additional fee (from the initially paid), the conditions for projects under category-II shall apply except that the balance amount to be reimbursed within 30 days of the notification of this policy. – In case developer, wish to set up projects under this category without availing policy benefits, GoMP shall release the full processing fee initially paid without interest to the developer within 30 days of the receipt of the written request from the developer. • Withdrawal of registration: <ul style="list-style-type: none"> – In case, developers registered under NRSE Policy 2006 which have not attained commissioning wish to withdraw registration, written notification to that effect be made to GoMP within 2 months of the notification of this present policy, GoMP shall release the full registration fee initially paid, without interest to the developer on receipt of the written intimation of non participation from the developer. – In case of the non receipt of the written request the registration of such projects shall be deemed cancelled and no refund of processing fee shall be done by GoMP. • Project Milestone and Timeline: <ul style="list-style-type: none"> – On migration of project under this policy, the migrated projects shall be governed by the provisions (including Project Milestone and Timeline) under this policy.
20.	Surrender of Project Allotment	Developer is free to surrender project after registration but performance guarantee shall be forfeited unless it is established that the surrender of project was beyond developer's control.
21.	Transfer of Project	Not allowed without the prior approval of GoMP before its commissioning. Payment of fees (non refundable) of Rs.1.00 Lac per MW shall be applicable for transfer.
22.	Other Provisions	
(a)	Fossil Fuel Usage	<ul style="list-style-type: none"> • No fossil fuel viz.: coal, gas, lignite, naphtha, diesel, wood etc shall be allowed to be used in the grid connected Solar thermal project • Hybrid system shall be allowed as per guidelines of MNRE
(b)	Project Inspection	Right of inspection vested with representative of GoMP and developer to make available all records to the inspective authority.
	Data Monitoring and Submission	<ul style="list-style-type: none"> • All registered grid connection Solar power plants to install regular monitoring solar irradiance (including DNI), ambient air temperature, wind speed and other weather parameters for monitoring of the electric power generated from the plant. • Data to be submitted to GoMP on monthly basis for the entire duration of PPA. • Once the project is commissioned, the developer to submit monthly/annual generation details to GoMP duly certified by distribution/transmission utility both in hard and soft copy.
	Reactive Charges	In case of drawl of reactive power for the project, charge payable at the rates prescribed by MPERC.
23.	Generation and Distribution in Rural Area	No license required for but developer to comply with Electricity Act 2003.
24.	Project Clearance	Cases of removal of difficulties for in-implementation of the project, be referred to Project Clearance And Implementation Board (PCIB) constituted under the Chairmanship of Chief Secretary, GoMP.
25.	Incentives	

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(a)	Electricity Duty and Cess Exemption	All Solar projects including captive units are exempted from payment electricity duty and cess for a period of 10 years from the date of commissioning of the project.
(b)	Wheeling Charges	<ul style="list-style-type: none"> • Wheeling through MP Power Transmission Company Ltd./ MP Discoms as per wheeling charges decided by MPERC • Government of MP to provide grant of 4% in terms of energy injected and the balance, if any, to be borne by the project developer for the above wheeling
(c)	Banking	<ul style="list-style-type: none"> • 100% subject to verification by the concerned state Discom • Developer to pay 2% of the banked energy towards banking charges to the concerned Discom/State power trading company. • Return of banked energy shall be based on regulations issued by MPERC and balance energy, if any, at the end of financial year after return of banked energy shall be purchased by concerned discom/state power trading company in accordance with rules/directions of MPERC.
(d)	Contract Demand Reduction	Industrial consumers buy power from Solar power project category II & III shall be allowed corresponding pro-rata reduction in contract demand on permanent basis subject to decision of MPERC.
(e)	Third Party Sale	Allowed within / outside the state as Electricity Act 2003 and orders / regulations issued by MPERC.
(f)	Industry Status	Projects implemented under this policy eligible for benefits under industrial promotion policy. In case of inconsistency between MP Industrial Promotional Policy and Solar Policy, provisions under New Solar Policy shall prevail.
(g)	Entry TAX/VAT Exemption	Equipment purchase for installation of Solar power plants under this policy exempted from VAT and entry TAX.
(h)	CDM Benefits	As per provisions specified by MPERC.
(i)	Other Facilities	Open access, reactive power and renewable purchase obligation, the provisions specified by MPERC shall be applicable.
26.	Purchase of Power under REC Mechanism by MP Power Management Company Ltd. (MPPMCL)	<ul style="list-style-type: none"> • Power generated to be purchased at APPC rates • MPPMCL to enter into PPA for purchase under REC mechanism. <ul style="list-style-type: none"> – Conditions for Power Purchase Agreement (PPA): – Developer to submit the performance guarantee @ Rs.7.5 Lac per MW (in the form of irrevocable bank guarantee) at the time of execution of PPA. – Bank guarantee to be released after three months from COD. In case of delay in commercial production from scheduled date, MPPMCL to impose penalty on daily basis. Performance guarantee payable by the department of New and Renewable Energy, as per their policy will not be applicable in this case. – During the agreement period complete or part of the capacity for which the agreement is executed will be not be sold to any party by the developer without the consent of MPPMCL. Otherwise, it will be treated as violation of PPA and state govt. will have right to withdraw incentives (including land) made available under policy of New and Renewable Energy Department for setting up the projects. – In case of sale of total or part of power to third party by developer with consent from MPPMCL, developer shall have to pay MPPMCL for the energy sold, at half rate of difference of third party sale rate and prevailing APPC rate of MPPMCL for that year, on monthly basis.