

New and Renewable Energy Department
Vallabh Bhavan, Bhopal

**English Translation of Policy for Implementation of Solar Power Based Projects in
Madhya Pradesh State 2012**

(Notified in Gazette in Hindi vide notification dated 20th July 2012)

(1) Preamble –

Energy is a prime mover of the development of any economy. While conventional fuels like coal and oil have been the primary sources for energy, their long term availability has been an area of concern. Further, their increased usage has led to high concentrations of greenhouse gases (GHGs) in the atmosphere, which is a growing concern with regard to global warming and resultant climate changes.

The current energy requirement of the state of Madhya Pradesh is heavily dependent on conventional energy sources. The Government of Madhya Pradesh (GoMP) acknowledges the increasing concern related to climate change, global warming and has recognised the urgent need to address these issues. The promotion of Renewable Energy is one of the key measures taken by the GoMP in this direction. Today Renewable Energy is increasingly becoming an integral part of energy security initiative in the state.

The state of Madhya Pradesh is endowed with high solar radiation with around 300 days of clear sun. The state offers good sites having potential of more than 5.5 kWh/ sq.m/per day for installation of Solar based power projects. The GoMP has been promoting the setting up of Renewable Energy based power plants through various Policy initiatives and incentives for Investors/Developers. GoMP had earlier issued the Incentive Policy for encouraging generation of power in Madhya Pradesh through Non-conventional Energy Sources in 2006. This Policy period got over in October 2011. Considering the huge untapped potential of solar energy in Madhya Pradesh, the need for a revised Investor/Developer friendly policy was being felt. By inclusion of all aspects of necessities of solar power sector, this policy has been formulated in which present

statutory status of power generation and distribution as well as regulatory frame work has been considered.

(2) Regulatory Framework –

- a) The Electricity Act, 2003 has been in force since June, 2003. In accordance with the provisions of this Act, any private individual or Agency is free to set up a Power Generation Plant and they shall have right to open access of the transmission facility.
- b) Madhya Pradesh Electricity Regulatory Commission (MPERC) is functioning since 1999 and the orders / Regulations passed by the Commission from time to time shall be applicable to the provisions of this Policy. Similarly, Acts passed by Government of India in respect of Power Sector shall also be applicable to provisions of this Policy. In case of any discrepancy between the provisions of this Policy and Orders/Regulations issued by the MPERC, the orders/Regulations issued by the MPERC will take precedence.

(3) Objectives of the Policy –

The objectives of the Policy are as follows:

- a) To encourage participation of Private Sector to set up Solar Power based projects in the State.
- b) To define the incentives and benefits to be provided to the participants of the Private Sector in clear terms.
- c) To build a favourable atmosphere for setting up Solar Power projects.
- d) Lay down framework for policy implementation.

Part – A

GUIDING PRINCIPLES OF POLICY

1. Operative Period –

This Policy shall become operative from the date of its notification in the Madhya Pradesh State Gazette.

2. Applicability:

- a) All Solar energy based power project Developers (Solar PV/Solar thermal) and manufacturing units of equipments, ancillaries related to Solar Power projects shall be eligible for benefits under the Policy.
- b) Only new plant and machinery shall be eligible for installation under the Policy.

3. Participation –

For the development of Solar power Projects under this policy, any Individual/ Firm/ Society/ Institution/ Registered Company etc. shall be eligible to apply.

4. Category of Solar Projects under the Policy:

- Category I** : Projects selected as per the competitive bidding process for selling power to MP Discoms / MP Power Management Company
- Category II** : Projects set up for captive use or sale of power to 3rd party within or outside the state or for sale of power to other states through open access.
- Category III** : Projects set up under Renewable Energy Certificate (REC) mode
- Category IV** : Projects under Jawaharlal Nehru National Solar Mission.

5. Target:

The Government of Madhya Pradesh in its endeavour to promote solar energy based projects in Madhya Pradesh proposes following targets:

a) Grid connected projects:

- i. ***Category I Projects:*** GoMP will promote setting up of Solar Power projects for direct sale to MP Discoms/MP Power Management Company Ltd. The total capacity under this category will be as per the Renewable Purchase Obligation (RPO) targets specified by M.P. Electricity Regulatory Commission (MPERC) from time to time or as decided by the GoMP. Selection of these Solar Power projects shall be through tariff based competitive bidding process.
 - ii. ***Category II Projects:*** The GoMP will promote Solar power Producers to set up Solar power plants of unlimited capacity, subject to single project capacity limitation as per clause 6(b) of this policy for captive use or sale of power to 3rd party/states other than Madhya Pradesh.
 - iii. ***Category III Projects:*** The GoMP will promote Solar Power producers to set up Solar Power plants of unlimited capacity under REC mechanism*.
 - iv. ***Category IV Projects:*** The GoMP will also promote setting up of Solar Power plants under the guidelines of JNNSM.
- b) *Decentralized and off-grid solar projects:*** The GoMP will promote decentralized and off-grid solar applications, including hybrid systems as per guidelines issued by MNRE.

6. Capacity Cap:

- a) *Category I Projects:*** The minimum and maximum project capacity allocation to each solar power producer for the grid connected solar power plants under ***Clause 5(a) (i)*** will be as per the guidelines under the Request for Selection (Rfs)/qualification document issued by GoMP from time to time.

***Refer section D**

b) **Category II Projects:** The minimum and maximum single project capacity allocation to each Solar power producer for the grid connected Solar power plants to be installed on Government land (there will be no maximum capacity cap for projects to be installed on private land) under **Clause 5(a)(ii)** will be as under :

S.No.	Technology	Minimum Capacity (MW)	Maximum Capacity (MW)
1	Solar Photovoltaic	0.025	100
2	Solar Thermal	1	100

c) **Category III Projects:** The minimum and maximum single project capacity for accreditation under REC mechanism will be as per the Guidelines/Orders/Regulations issued by CERC/MPERC from time to time.

d) **Category IV Projects:** The minimum and maximum project capacity allocation to each Solar Power producer for the grid connected Solar Power Plants sanctioned under JNNSM (**Clause 5(a) (iv)**) will be as per the guidelines under JNNSM.

7. Eligible Units:

a) **Category I Projects:** GoMP shall invite proposals from time to time for selection of Solar Power projects through tariff based competitive bidding process. There shall be a set of qualification criteria fixed by GoMP for the prospective Developers of Solar projects. The necessary information regarding attributes to be evaluated, their inter-se weightage (if any), guidelines for evaluation and other details shall be specified in the qualification document, which shall be prepared by GoMP.

Only project capacities to be installed in the state of Madhya Pradesh shall be eligible for incentives under this Policy, subject to registration as per the provisions of this policy.

b) *Category II Projects:* GoMP will invite offers from Developers from time to time. Within the specified time limit, the Developers who want to submit proposals (separate for each project) for setting Solar Power projects in Madhya Pradesh will be able to apply in the prescribed format along with technical specifications. The MP Power Management Co. Ltd shall have the first right of rejection of purchase of power produced from the plants installed on Government land. In this case the power purchase rate shall be as notified by MP Electricity Regulatory Commission (MPERC).

i. **Projects on Private Land:** Any Developer willing to establish power generation projects based on Solar Energy (Solar PV/Solar thermal) on private land under this category in the state shall be eligible for incentives under the new Policy, subject to registration with the GoMP.

Projects on Government Land: There shall be a set of qualification criteria fixed by the GoMP for the prospective Developers proposing to develop projects on government land. The necessary information regarding attributes to be evaluated, their inter-se weightage (if any), guidelines for evaluation and other details shall be specified put on public domain through website before invitation of proposals. Every such applicant shall be evaluated against each of the qualification criteria as specified in the invitation document. Upon eligibility, the available land shall be offered on the basis of maximum free energy per Mega Watt offered by the qualified bidders. Only such selected projects shall be eligible for incentives under this Policy

c) *Category III Projects:* Solar projects under the REC mechanism shall be eligible for Policy benefits (subject to registration with GoMP) as allowed under CERC REC mechanism as per the Guidelines/Orders/Regulations issued by CERC/MPERC from time to time.

i. **Projects on Private Land:** Any enterprise fulfilling the requirements/criterion as specified under CERC REC mechanism may

apply to the State Nodal Agency as per the procedures laid down by CERC and/or MPERC. Such developers can apply for registration any time.

- ii. **Projects on Government Land:** GoMP will invite offers from Developers from time to time. Within the specified time limit, the Developers who want to submit proposals (separate for each project) for setting Solar power projects in the state will be able to apply in the prescribed format along with technical specifications. In addition to the requirements/criterion as specified under CERC REC mechanism, there shall be a set of qualification criteria fixed by GoMP for the prospective Developers proposing to develop projects on government land. The necessary information regarding attributes to be evaluated, their inter-se weightage (if any), guidelines for evaluation and other details shall be specified in the invitation document, prepared by GoMP.

Every such applicant shall be evaluated against each of the qualification criteria as specified in the invitation document. Upon eligibility, the available land shall be offered on the basis of maximum free energy per Mega Watt offered by the qualified bidders. Only such selected projects shall be eligible for incentives under this Policy, subject to registration with GoMP.

- ii. Policy benefits like banking, wheeling etc. as brought out in this policy shall be applicable as per the provisions made out by CERC and or the authorities in this respect.

d) Category IV Projects: As per the Guidelines under JNNSM and as amended by GoMP from time to time.

8. **Registration:** Office of Commissioner, New and Renewable Energy, Government of M.P shall be the nodal department for registration and post development activities.
- a) The Developers/Investor who may be individual, Company, firm, society, NGO etc. shall submit the following documents as applicable for registration:
- i. Application in the given format;
 - ii. Certified copy of Memorandum & Articles of Association of the company/ Certified copy of the bye- laws of the registered society;
 - iii. Certified copy of partnership deed
- b) In case the project is found to be eligible after evaluation, a demand note for depositing the requisite processing fee will be issued within fifteen (15) days and such Developers will be required to deposit the processing fee (non-refundable) of Rs. 1 Lac/MW or part thereof and get the project registered within a period of fifteen (15) days from the issuance of the demand note; and
- c) In case of failure to submit the processing fee within the stipulated timeline (15 days), the application for registration of the project by such Developer shall be considered cancelled.
9. **Post-Registration activities:**
- a) The following documents shall be submitted by the project Developer within the specified timeline (3 months from the date of registration) for approval:
- i. Detailed Project Report (DPR);
 - ii. Land related document (tagged/identified project site);
 - iii. CPM/PERT chart (for implementation of the proposed project);
 - iv. Water allocation order on the basis of water availability at the project site(if applicable) and map presenting the grid situation;

- v. Affidavit for abiding by the Regulations/Orders of the MPERC, Policies of GoMP and the Guidelines/Notifications (applicable to solar based power projects) issued by the authorized Officials from time to time;
 - vi. Performance guarantee as specified under clause 10.0.
- b) *Extension of time:*** If there is a delay in completion of post registration activities within the stipulated timeline and the cause of delay is beyond the control of the Developer, then time limit could be extended by the GoMP on a case-to-case basis as found appropriate.

10. Performance Guarantee:

- a) ***Category I Projects:*** As per the guidelines specified in the qualification/selection document issued by GoMP.
- b) ***Category II Projects and Category III projects availing policy benefits:***

The Developer shall submit Performance Bank Guarantee (for projects being setup on government land at the rate of Rs. 5.0 Lac/MW or part thereof to New & Renewable Energy Department (GoMP). The Bank Guarantee shall be valid for a period of twenty four (24) months for Solar PV projects and for a period of forty (40) months for Solar thermal projects respectively.

 - i. The Bank Guarantee shall be released in stages to the project Developer after evaluating the achievements and project benchmarks (as per clause 12).
 - ii. In case the project Developer fails to achieve the desired progress and the project is cancelled (as per the provisions under clause 13), the balance remaining Bank Guarantee at the time of cancellation of the project shall be forfeited and encashed as penalty. The decision of GoMP shall be final in this regard.

- iii. In case the project cannot be set up for want of an approval from the State or the Central Government, the performance guarantee shall be released. The decision of GoMP shall be final in this regard.
- iv. In case the project is set up on private land then developer is exempted from submitting any performance guarantee.

11. Administrative approval:

Applications received as per the provisions shall be examined and accorded approval, if found acceptable by the GoMP within a period of thirty (30) days from the date of submission of all the documents (refer clause 8).

12. Post approval activities:

a) **Category I Projects:** Solar projects under this category will be required to strictly adhere to the timelines as specified in the qualification/bid document issued by the GoMP.

b) **Category II Projects and Category III projects availing policy benefits:**
The project must be commissioned within the timelines mentioned below from the date of administrative approval. Monitoring of progress of the project shall be done based on the criteria mentioned below -

Benchmarks and timelines for Solar power projects

<i>S. No.</i>	<i>Benchmark</i>	<i>Timeline (from zero day)</i>		<i>Percentage refund of performance guarantee (%)</i>
		<i>Solar PV</i>	<i>Solar Thermal</i>	
1	Date of issue of administrative approval	Day 0	Day 0	-
2	Letter of land possession/Land use permission/allotment	3 Months	3 Months	10% (within 15 days of the submission of proof)
3	Power purchase	5	5	20% (within 15 days of

	agreement	Months	Months	the submission of proof)
4	Financial closure	11 Months	11 Months	30% (within 15 days of the submission of proof)
5	Project commissioning	17 Months	24 Months	40% (after 3 months of successful operation from the date of project commissioning)

13. Monthly progress report and project cancellation:

- a) The Developer shall submit monthly progress report in the prescribed format with related documents from the date of registration till the commercial operation date.
- b) The progress will be compared against the timelines and benchmarks as specified in clause 12. Explanation will be sought from the developers in case of any delays and slippages in this regard. On receipt of explanations the Developer will be given a reasonable opportunity of being heard and the GoMP shall pass appropriate orders accordingly.

14. Extension of time limit in special circumstances:

- a) **Category I Projects:** Any timeline extension for this category of projects shall be undertaken as per the guidelines specified in the qualification/selection document issued by GoMP.
- b) **Category II Projects and Category III projects availing policy benefits:**
 - i. GoMP may allow a one-time extension of six (6) months for achieving financial closure, provided the Developer is able to provide adequate proof for the reasons of delay being beyond the control of the Developer. Any further extension, if any, shall be the sole prerogative of the New & Renewable Energy Department, GoMP.

- ii. In case GoMP agrees to extend the original period for obtaining necessary approvals and for achieving financial closure, the scheduled commercial operation date mentioned above (clause 12) shall be extended accordingly.

15. Tariff:

- a) **Category I Projects:** For the projects allotted under tariff based competitive bidding route for sale to MP Discoms/ MP Power Management Co Ltd., the Power Purchase Agreement will be executed between MP Discoms / MP Power Management Co. Ltd and successful bidders as per the provisions of bid/qualification document on the tariff arrived by the process of tariff-based bidding. However the rates shall not be more than the rates specified by the MPERC.
- b) **Category II Projects:** In case of third party sale/captive use/sale to other states, the Power Purchase Agreement will be executed between the Power Producer and the Procurer on mutually agreed rates.
A separate Agreement will be executed for banking of power with MP Discoms/ MP Power Management Co Ltd. for such banking. The wheeling agreement with Madhya Pradesh Power Transmission Company Limited (MPPTCL)/ MP Discoms/ or with other grid or network as appropriate will be executed separately.
- c) **Category III Projects:** In case of solar power projects established under REC mechanism, the Power Purchase Agreement as required, will be executed between solar power producers and the Procurer as per the Regulations/Orders of CERC and/or MPERC issued from time to time in this regard.
- d) **Category IV Projects:** For projects under JNNSM, the Power Purchase Agreement will be executed between the solar power producer and the Procurer (NVVN and/or MP Discoms/ MP Power Management Co Ltd.) as per Guidelines under JNNSM.

16. Metering:

Metering equipment, as may be stipulated by MPPTCL or by respective MP Discom, shall be installed at the interconnection point which shall be line isolator of outgoing feeder on HV side of the pooling substation. Developers will install metering equipments at their own cost as per specifications and provisions of MPERC Regulations on metering and MP Electricity Supply Code, 2004. All officials of the MPPTCL/respective Distribution Company authorized for the purpose shall be allowed access by the Developer to inspect the same. Meters shall comply with the requirements of CEA regulation on 'Installation and Operation of meters'.

17. Grid evacuation & evacuation facility:

- a) The developer shall be responsible for laying of power evacuation line from generating station to the nearest substation or interconnection point. He shall also be responsible for interconnection arrangement which includes transformer panel, protections, metering etc, at the substation or interconnection point. These arrangements shall be in accordance with the Madhya Pradesh State Grid Code, Madhya Pradesh Electricity Supply Code, 2004, applicable MPERC and CERC Regulations as amended from time to time. The Madhya Pradesh Power Transmission Company Limited (MPPTCL) and /or the concerned Distribution Company in the state of Madhya Pradesh may take up the work and maintain the same on cost basis, which are to be borne by the Developer. The Developer under approval of MPPTCL or Discom can carry out the construction work by paying the supervision charges as applicable. However, MPPTCL and/or the concerned Distribution Company will undertake the augmentation of sub-station(s), if required. Any dispensation in this regard that may be made by the MPERC shall be final.
- b) The Developer shall be responsible for payment of all wheeling and transmission charges to the MPPTCL/respective Distribution Company in case of sale of power to Third Party Consumers/ Distribution Licensee/ Power

Management Co. Ltd utilizing their network the payment shall be subject to the regulations of MPERC.

18. Land Use Permission:

a) **Land requirement:** For setting up Solar Power Plant in Madhya Pradesh, maximum land use permission for government land, if available, to the Solar Power Producer shall be 3.0 Hectares per MW.

b) **Conditions:** For allocation of Government revenue land and for permission for land use, the conditions as laid down in the Circular No. F-16-3/93/7/2 A dated 06.09.2010 (**Annexure I**) and Circular No. F6-53/2011/ dated 8-08-2011 (**Annexure II**) of the Revenue Department (GoMP) shall be applicable.

If the government revenue land is recorded as forest land with small and minor trees in the revenue records or it is defined as a forest land as per Revenue Department (GoMP) Circular dated 8-08-2011, then the applicant will have to take permission, as per provisions of Forest Conservation Act 1980, from concerned authorities.

c) **Stamp duty exemption on purchase of private land:** In case the Developer purchases private land for the project, then they will be eligible for an exemption of 50% on stamp duty as per Notification No: 70 B-4-08-2-5 dated 21-08- 2008 (**Annexure III**). In case of non-installation of the project on this land, the exemption (given) will be withdrawn and recovery shall be made as per rules.

d) **Government land Use Permission:** In case of land owned by Revenue Department or any other State Government Department, the New & Renewable Energy Department shall take possession of the land and subsequently give permission for use of land to the concerned Developer (whose project has been accorded administrative approval).

e) **Other land conditions:**

- i. In case the government land is found to be used for purposes other than that related to the project, the land use permission will be cancelled with

immediate effect. The construction carried out by the Developer and equipments on such land will be seized and be treated as vested in the GoMP.

- ii. Any authorized personnel not below the rank of Tehsildar of GoMP along with the designated officer of NRE or under the direction of NRE department can visit the project site for inspection of land and the project regarding compliance of the land use for the specified project purpose.
- iii. In case Developer who has been given permission for land use for setting up solar power project, intends to set up the solar project along with third party participation then land use permission for the part on which solar project to be set up by the third party, will be given to such third party on the same terms and conditions of Revenue Department on which permission is given to the developer.
- iv. **Right of substitution of Developer:—**
The prime lending institution shall have the right to substitute the developer for land use permission during the loan period

19. Exclusive Jurisdiction of Madhya Pradesh Electricity Regulatory Commission (MPERC)

- a. The MPERC shall have exclusive jurisdiction on those provisions of this policy which are within its regulatory mandate for management of the Electricity Act, 2003, especially regarding notification of Electricity Tariffs for sale for power, power purchase agreements, wheeling, banking, distribution, transmission loss charges etc. Similarly, the MPERC shall have jurisdiction under the provisions of the Electricity Act, 2003 as regards promotion of non-conventional energy sources, facilities for transmission of energy sources, facilities for transmission of energy and sharing of purchase of power amongst MPPTCL/ Transmission Licensee/ Distribution Licensee etc. Compliances of Guidelines, Directives, Regulations, Rules etc. issued by

the MPERC issued from time to time regarding these shall be binding on all concerned parties.

- b. In the event of any dispute in the interpretation of this policy or any terms and conditions of agreement/clauses between the Developer and any state govt. department or MPPTCL/ Transmission Licensee/ Distribution Licensee, the same shall be referred to the State Government or the MPERC as the case may be.

Part – B
General Provisions

1. Migration of Solar projects registered under NRSE Policy, 2006:

a) One time offer: A onetime offer will be extended to all the solar project Developers currently registered under NRSE Policy, 2006 and which have not attained commissioning to develop projects under the following project categories. Within two months from the date of notification in official gazette of MP this Solar Policy, such Developers will have to intimate in writing to the New & Renewable Energy Department (GoMP) for setting up Solar power projects in Madhya Pradesh under any of the following categories:

- i. *Sale to MP Discoms/ MP Power Management Co Ltd (As per Category I Projects):* Such Developers who have successfully participated in the tariff based competitive bidding process undertaken, by GoMP for procurement of Solar Power for sale to MP Discoms/ MP Power Management Co Ltd.

On successful allotment of the project under the tariff based competitive bidding process, no separate registration will be required for availing benefits under the present Policy. The applicable processing fee amount will be as specified under the present Policy. In case the processing fee initially paid by the Developer is higher than the amount specified under the present Policy, the GoMP shall release the balance amount (without interest) to such Developers. In case the processing fee initially paid by the Developer is less than the amount specified under the new Policy, the Developer shall submit the balance amount to GoMP for registration (under this Policy) within thirty (30) days of the declaration of successful allotment of Solar power projects by GoMP or within thirty (30) days of the declaration of this policy whichever is later.

However, in case of unsuccessful bidders under the tariff based competitive bidding process undertaken by the GoMP, the entire processing fee initially paid by the Developers will be released by the GoMP without interest to such Developers on receipt of an application for the same, within thirty (30) days of the declaration of final allotment of Solar power projects by the GoMP or within thirty (30) days of the declaration of this policy whichever is later. In case such unsuccessful Developers wish to develop projects under other categories, specified as under, written intimation must be made by such unsuccessful Developers to New & Renewable Energy Department (GoMP) within thirty (30) days of the declaration of final allotment of Solar power projects by the GoMP or within two months of the declaration of present policy whichever is later.

- ii. **Captive use /direct sale to 3rd party/states other than Madhya Pradesh through Open Access (As per category II Projects):** Though GoMP would be inviting offers (separate for each project) for setting Solar Power projects (under this category) in Madhya Pradesh as outlined above, the already registered Solar projects under the NRSE Policy 2006 may proceed with project development under this category after written intimation to New & Renewable Energy Department within two months of the notification of present Policy. Within the period of three months, of notification of present policy such Developers need to submit the PPA for the purpose of third party sale as per the provisions of this clause.

In case the processing fee initially paid by the Developers is higher than the amount specified under the this Policy, GoMP shall release the balance amount (without interest) to such Developers within thirty (30) days of the receipt of written request from the Developers for development of Solar project under this category. Whereas, in case the

processing fee initially paid by the Developers is less than the amount specified under the present Policy, the Developer shall submit the balance amount to GoMP for registration (under present Policy) along with request for development of project under this category.

- iii. **Project under REC mechanism** (*As per Category III Projects*): In case the Developers wish to set up projects under the REC mechanism along with benefits under the present Policy (as allowed under CERC REC mechanism as per the Guidelines/Orders/Regulations issued by CERC/MPERC from time to time), the applicable processing fee amount will be as specified under the present Policy. In case the processing fee initially paid by the Developers is higher than the amount specified under the present Policy, the GoMP shall release the balance payment (without interest) to such Developers within thirty (30) days of the receipt of written request from the Developer for development of Solar project under this category. Whereas, in case the processing fee initially paid by the Developer is less than the amount specified under the present Policy, the Developer shall submit the balance payment to GoMP for registration (under present Policy) within thirty (30) days of the notification date of this Policy for development of Solar project under this category.

Whereas, in case the Developers wish to set up projects under REC mechanism without availing Policy benefits, GoMP shall release the full processing fee initially paid (without interest) to such Developers within thirty (30) days of the receipt of written request from the Developer.

- b) **Withdrawal of registration:** In case the Solar project Developers, registered under NRSE Policy, 2006 and which have not attained commissioning, wish to withdraw registration, written intimation for non-participation in present Policy will be required to be made to New & Renewable Energy Department (GoMP) within two months of the notification of the present Policy. GoMP shall release

- the full registration fee initially paid (without interest) to such Developers on receipt of written intimation of non-participation from the Developers.
- c) In case of non-receipt of written request from the Developers of the Solar power projects registered under NRSE Policy, 2006 and which have not attained commissioning within three months from the date of notification of this policy in the official gazette for setting up of project under any of the above mode; the registration of such projects shall be deemed cancelled. In such case no refund of processing fee shall be done by GoMP.
- d) **Project milestones & timelines:** On successful migration of the project under this Policy, the migrated projects shall be governed by the provisions (including project milestones & timelines) under this Policy.
2. **Surrender of Project Allotment:** The Developer shall be free to surrender the Project at any stage after registration, but in such a case the Performance Guarantee thereof shall be forfeited unless it is established that the surrender of project was beyond the developer's control.
3. **Transfer of project:** The Solar project Developer shall not be allowed to transfer the project before its commissioning to any other Developer/Investor without the prior approval of the New & Renewable Energy Department, GoMP. Payment of fees (non-refundable) of Rs one (1) lac per MW shall be applicable, for such transfer.
4. **Promotion of Solar Technology Parks:** The state would take appropriate steps to set up solar parks to promote investment in solar power generation in the state either on its own or through a PPP mode. Solar technology parks for generation and manufacturing units in equipment & related ancillaries for Solar systems shall be promoted and established at appropriate locations in the state of Madhya Pradesh. The SME sector will be promoted for manufacture of various components and systems for Solar systems. The Solar technology parks will be given preference in land allocation and creation of essential facilities by the state

government. Such Solar technology parks shall also be eligible for benefits under the state's Industrial Promotion Policy (or as amended from time to time).

5. Other provisions:

a) *Fossil fuel usage:* The usage of fossil fuel (coal, gas, lignite, naphtha, diesel, wood etc.) shall not be allowed in the grid connected solar thermal power projects. Hybrid systems shall be allowed as per the guidelines of the Ministry of New and Renewable Energy (MNRE).

b) *Project Inspection:* Authorized Representatives of GOMP not less than the rank of Executive Engineer shall, with prior written intimation, have the right of inspection of the power project to assess the safety of the project. The Developer shall render all requisite help and assistance in facilitating such inspection.

The Developer shall maintain all records regarding capacity, generation, downtime, with relevant constraints etc. and make available all these records to the inspecting authority for inspection.

c) *Data monitoring and submission:* All grid connected solar power plants registered with the New & Renewable Energy Department (GoMP) will install equipments for regular monitoring of Solar irradiance (including DNI), ambient air temperature, wind speed and other weather parameters and for simultaneously monitoring of the amount of electric power generated from the plant. They will submit this data to the GoMP on line and/or through a report on regular basis (monthly) for the entire duration of Power Purchase Agreement as prescribed.

Once the project is commissioned, the solar power project developer shall be liable to submit the monthly and annual generation details duly certified by the concerned distribution/ transmission utility: both in hard copy and in soft copy (online), to New & Renewable Energy Department (GoMP).

- d) **Data bank:** New & Renewable Energy Department (GoMP) will establish and maintain a technical library, a data bank and/or information centre to collect and correlate information regarding solar energy sources.
 - e) **Reactive Power Charges:** In case of drawl of Reactive Power for the Project, necessary charges shall be payable at the rates prescribed by MPERC.
6. If a Developer intends to generate and distribute electricity in a rural area as notified by the State Government vide notification number 2010-F-13-05-13-2006 dated 25th March, 2006, such a Developer shall not be required to obtain any license for distribution of electricity but shall be bound to comply with the criteria laid down by Central Electricity Authority as per Section 53 of Electricity Act, 2003.
7. **Project Clearance and Implementation Board:** The cases relating to removal of difficulties coming in the way of smooth implementation of the Projects and those in respect of Inter-departmental Coordination shall be referred to the Project Clearance and Implementation Board (PCIB) constituted under the Chairmanship of the Chief Secretary, GoMP.

Part – C Incentives

1. **Electricity duty & cess exemption:** All Solar power projects (including captive units) will be eligible for exemption from payment of electricity duty and cess for a period of 10 years from the date of commissioning of the project.
2. **Wheeling charges:** Facility of wheeling will be available to all solar power projects through MPPTCL/ MP Discoms, as case may be, as per wheeling charges specified by MPERC. For above wheeling charges, GoMP will provide a grant of four percent (4%) in terms of energy injected and the balance, if any, shall be borne by the project developer.
3. **Banking –**

Banking of 100% of energy in every financial year shall be permitted subject to the following conditions –

 - i. The figures of banked energy during the Financial Year shall be subject to verification by the officials of the concerned State Distribution Company/ State Power Trading Company. The Developer will be required to pay two percent (2%) of the banked energy towards banking charges to the concerned State Distribution Company/ State Power Trading Company.
 - ii. The return of banked energy shall be based on Regulations issued by MPERC from time to time.
 - iii. The balance energy, if any, at the end of a Financial Year after return of banked energy shall be purchased by the concerned State Distribution Company/ State Power Trading Company in accordance with the rules/ directions of MPERC.
4. **Contract demand reduction:** The Industrial Consumers opting to buy power from Solar Power Project under category II and III shall be allowed corresponding pro-rata reduction in Contract Demand on a permanent basis but subject to the decision of MPERC in this regards.

5. **Third party sale:** Third Party sale within or outside the State of M.P. will be allowed as per Electricity Act 2003 and the Orders and/or Regulations issued by MPERC from time to time.
6. **Industry status:** The Solar projects implemented under this Solar Policy will have the status of industry and will be eligible for all benefits under Industrial Promotion Policy (or subsequent amendments from time to time). In case of any inconsistency between the Madhya Pradesh Industrial Promotion Policy and Solar policy, the provisions under the new Solar Policy shall prevail.
7. **Entry tax / VAT Exemption:** The equipments purchased for installation of Solar power plants under the policy shall be exempted from VAT and entry tax as per entry number 71, schedule-1 of VAT notification 2002 and entry 1 of schedule-1 of entry tax notification 1976.
8. **CDM benefits:** CDM benefits to the solar power project Developers/Investors shall be as per the provisions specified by MPERC.
9. Regarding other facilities/incentives such as Open Access, Reactive Power and Renewable Purchase Obligation, the provisions specified by MPERC shall be applicable.

PART D
TERMS AND CONDITIONS FOR PURCHASE OF POWER UNDER R.E.C.
MECHANISM BY M.P. POWER MANAGEMENT CO. LTD

1. Within the provisions of State Government policies for purchase of electricity from non-conventional energy from developers, the total or balance energy(left balance after third party sale or captive use) generated from such projects shall purchased under REC mechanism on APPC rate.
2. M P Power Management Company (MPPCL) shall enter into Power Purchase Agreement for purchase of energy under REC mechanism.
3. The following conditions are to be included in Power Purchase Agreement-
 - 3.1 Developer has to submit performance guarantee at the rate of Rs.7.5 lakh per MW at the time of execution of power purchase agreement, which will be in form of irrevocable bank guarantee and will be released after 3 months from Commercial Operation Date (COD). If commercial production is delayed from scheduled date then M P Power Management Company will impose penalty on daily basis. The performance guarantee payable to department of New and Renewable Energy as per their policy will not be payable in this case.
 - 3.2 During the agreement period Complete or part of the capacity for which the agreement is executed will not be sold to any party by developer without prior consent from M P Power Management Company Ltd.(MPPMCL). On doing so, this will be treated as violation of Power Purchase Agreement and State Government will have right to withdraw incentives (including land) made available under Policy of New and Renewable Energy Department for setting up of the projects.
 - 3.3 In condition of sale of total or part of power to third party by developer, with consent from MPPCL, 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.
