

# **Solar Power Policy**

## **Uttar Pradesh**

### **2013**

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## **1 PREAMBLE**

Electric power and its easy availability is an established benchmark of development and an essential prerequisite for all-round prosperity. No major economic activity can be sustained without adequate and reliable source of power.

In view of the fact that the conventional sources of power are fast depleting and pose a threat of environment pollution too, the challenge before the State Government is not only to meet the ever growing demand for power but also to progressively increase the share of renewable sources in the power-mix so as to achieve overall energy security.

The State of Uttar Pradesh is endowed with vast potential of solar power and the Government is keen to tap this resource to improve the availability of power in the State by promoting the establishment of solar energy based power projects, both grid connected and off-grid type. For the attainment of this goal, a comprehensive policy framework is an imperative requirement. Therefore, the Government of Uttar Pradesh adopts and announces the Solar Power Policy-2013 as under:

## **2 OBJECTIVES**

- a. To promote generation and use of clean and green power in the State by harnessing solar energy.
- b. To put in place an appropriate investment climate which could stimulate private sector participation in development of solar power
- c. To spread environmental awareness among the general public.
- d. To contribute to productive use of wastelands
- e. To enhance skills and create employment opportunities.
- f. To promote establishment of local manufacturing facilities.
- g. To build capacity in the State to initiate and sustain, use and effective management of newer technologies.

## **3 OPERATIVE PERIOD**

This policy will come into effect from the date of issuance and shall remain in operation up to 31<sup>st</sup> March 2017. Solar power plants approved, installed and commissioned during this period alone shall be eligible for benefits of this policy. However, no benefit of this policy will be available to projects set up under any incentive scheme of MNRE.

## **4 GRID CONNECTED SOLAR POWER**

Grid connected solar power projects will be implemented on suitable land banks identified and procured by the developer. In case of Projects to be set up on government land or space, selection of the developer will be done by the department or nodal agency through a transparent process.

### **4.1 PROJECT SIZE**

Minimum five megawatt capacity solar power projects will be covered under this policy

### **4.2 SALE OF ENERGY**

Energy generated from solar power projects that are commissioned during this policy period may be sold to distribution utility of UPPCL or to third party or used for captive purpose. Project developers who are interested in selling energy generated from Solar Power Plants to distribution utility of UPPCL will have to compulsorily participate in competitive bidding for the total megawatt capacity they wish to offer at the tariff discovered by bidding, subject to approval by UPERC.

In the event, the total aggregate capacity of the bids received is more than 200 MW selection of the bidders shall be done on the basis of lowest quoted tariff in ascending order. UPPCL will sign PPA with successful bidders for a period of ten years.

For PPAs signed as a result of competitive bidding, difference in the case I bidding tariff arrived at by UPPCL for purchase of conventional power and the price of solar power discovered through this bidding shall be payable to the distribution utility for power purchased from solar power projects for first 200 MW of solar power commissioned under this policy for a period of ten years. Budgetary support provided by the State Government to the Nodal Agency under the budgetary head “Incentive scheme for Solar Power Generation” will be utilised for these purposes.

Empowered committee constituted will oversee the overall implementation of this scheme and shall be empowered to issue any directions to remove any difficulties with regards to its implementation.

### **4.3 SALE OF ENERGY to THIRD PARTY**

Solar Power Developers who want to set up projects under this policy and do not want to sign a PPA with distribution utility of UPPCL and want to sell power to a third party, can set up plants under this policy without a bidding process but will not be allowed to sign a PPA even at a future date with distribution utility of UPPCL. These plants, who want to avail the incentives as per this policy will have to register with the nodal agency, sign an agreement and furnish a performance bank guarantee till the commissioning of the project as per the time frame given in this policy.

However, the subsidy or generation based incentive as mentioned in clause 4.2 shall not be available to such projects.

#### **4.4 CAPTIVE POWER PLANTS**

Solar power plants of above 5 MW capacity to be built for captive use will also be eligible for the incentives under this policy either within the premises of the user plant or outside with wheeling arrangement.

#### **4.5 TIME-FRAME FOR IMPLEMENTATION OF PROJECTS**

Time limit for commissioning of Solar PV projects will be within 13 months and 28 months in case of solar thermal projects from the date of signing of PPA.

#### **4.6 GRID CONNECTIVITY AND EVACUATION INFRASTRUCTURE**

The grid connectivity and associated evacuation facilities from the solar power plant substation/switchyard to distribution/transmission system “feed in substation” will be provided in accordance with UPERC (Grant of Connectivity to Intra-State Transmission System) Regulations 2010 as amended from time to time.

The responsibility of getting connectivity with the transmission system owned by the Discom/STU will lie with the Project Developer. The cost of the transmission line up to the “feed in substation” viz the point of interconnection where the metering is done shall be borne by the Solar Project Developer . This transmission line shall be constructed by the STU or Discom, whoever owns the feed in substation. However the entire cost of transmission including cost of construction of line, wheeling charges, losses etc. will be borne by the Project Developer and will not be met by the STU/Discom.

#### **4.7 RESTRICTION ON USE OF FOSSIL FUEL**

No fossil fuel viz: coal, gas, lignite, naphtha, wood etc. shall be allowed to be used in a solar thermal power project.

#### **5.SOLAR FARMS**

Provision of special incentive will be made by the State Government on case to case basis for such solar farms where many power plants based on solar energy are installed and the total investment is more than Rs.500crores.

#### **6. INCENTIVES UNDER SOLAR POLICY**

All the incentives provided under the Uttar Pradesh State Industrial Policy,2012 will be applicable on the power plants based on solar energy.

#### **7. INCENTIVES FOR BUNDELKHAND REGION**

Expenditure on the construction of transmission line and substation will be borne by the State Government on all the projects in the Bundelkhand region.

## **8 TARGET CAPACITY**

Target capacity of 500 MW of Grid connected solar power plant will be achieved till March 2017.

## **9 SINGLE WINDOW CLEARANCE SYSTEM**

Nodal Agency will act as single window clearance for Solar Power Projects. Nodal Agency will ensure that all relevant government orders pertaining to this policy are issued in a time bound manner by concerned departments. Facilitation in all clearances approvals, permissions and consents required from the State Government/its agencies will be the main task of the nodal agency as single window. Some of the tasks of single window clearance may be outsourced by the Nodal Agency. Review of pending clearances will be done by the Empowered committee from time to time.

## **10 ROLE OF NODAL AGENCY**

The Nodal Agency will facilitate and assist the project developers and undertake the following activities to achieve the objectives of the policy:

### **10.1 BIDDING OF PROJECTS**

The Nodal agency will be responsible for carrying out all the tasks related to bidding process for solar power projects in the state. Bidding for departments other than Energy department who decide to set up solar power projects on land/space available with them will also be done by UPNEDA if requested by the concerned department. Departments will bear the cost related to feasibility report preparation and bid process management. Nodal Agency may charge a nominal facilitation charge for providing this service.

### **10.2 LAND BANK**

Identification of suitable locations and creation of land bank.

### **10.3 FACILITATION FOR GOVERNMENT LAND/SPACE**

Facilitation for allotment of suitable land/space in control of State Government or its agencies.

### **10.4 ASSISTANCE IN OTHER INFRASTRUCTURE**

Assistance in arranging right of way, if any, water supply and connecting infrastructure like roads etc.

### **10.5 TRAINING**

Develop appropriate manpower skills by tying up with training and educational institutions.

## **10.6 FINANCIAL ARRANGEMENT**

Utilization of funds provided under budgetary head “Incentive scheme for Solar Power Generation” for activities like hiring of consultants for Bid process management, Outsourcing of single window system and other incentives to be made available through this policy or on any other activity or works which are required for implementation of Solar Policy in the State.

## **11 EMPOWERED COMMITTEE**

To oversee, monitor and resolve various issues arising out of this policy, an Empowered committee will be constituted under the chairmanship of the Chief Secretary of the State. The committee will have the following members:-

○ Chief Secretary -	Chairman
○ Infrastructure & Industrial Development Commissioner	Member
○ Secretary /Principal Secretary, Additional Energy Sources	Member
○ Secretary /Principal Secretary, Finance	Member
○ Secretary /Principal Secretary, Planning	Member
○ Secretary /Principal Secretary, Irrigation	Member
○ Secretary /Principal Secretary, Revenue	Member
○ Secretary /Principal Secretary, Energy	Member
○ Managing Director, UPPCL	Member
○ Managing Director, UPPTCL	Member
○ Managing Director, Concerned DISCOM	Member
○ Director, UPNEDA –	Member Secretary

### **11.1 FREQUENCY OF MEETINGS**

The committee shall meet on a quarterly basis and also as and when required.

### **11.2 FUNCTIONS OF THE EMPOWERED COMMITTEE**

The committee will deliberate and decide on the following issues

#### **11.2.1 Permission for bidding**

Granting permission for bidding for Solar Power Projects bid out under competitive bidding for the total megawatt capacity.

#### **11.2.2 Approval of third party sale project proposals**

All proposals of third party sale solar power projects desirous of availing incentives under this policy will be approved as eligible projects for incentives by the empowered committee.

### **11.2.3 Monitoring of single window**

Monitoring of working of single window system.

### **11.2.4 Coordination**

Resolve any other Inter departmental issues that may arise from time to time.

### **11.2.5 Other**

Any other relevant matter.



## **Glossary**

1. “CERC” means Central Electricity Regulatory Commission.
2. “Distribution utility” means State owned power Distribution Company i.e. Madhyanchal Vidyut Vitran Nigam Ltd, Purvanchal Vidyut Vitran Nigam Ltd, Pashchimanchal Vidyut Vitaran Nigam Ltd, Dakshinanchal Vidyut Vitaran Nigam Ltd or Kanpur Electricity Supply Company whichever is applicable in a particular case.
3. “Government” and “State” means the Government of Uttar Pradesh and State of Uttar Pradesh respectively.
4. “MNRE” mean Ministry of New and Renewable Energy, Government of India.
5. “Nodal Agency” means Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA) designated as such by Government of Uttar Pradesh for promotion of renewable sources of energy in case of Group –I type of projects and State Irrigation Department in case of Group-II (Pilot)
6. “PPA” means Power Purchase Agreement.
7. “Transmission utility” means State owned Uttar Pradesh Power Transmission Corporation Ltd.
8. “UPERC” means Uttar Pradesh Electricity Regulatory Commission.

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