

ANDHRA PRADESH WIND POWER POLICY – 2018,

Dated: 03.01.2019

| Sl. No. | Description | Summary |
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| 1. | Control/Review period | <p>5-Years</p> <p>Wind power projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning – unless the period is specifically mentioned for any incentive.</p> |
| 2. | Objectives | <ul style="list-style-type: none"> • To encourage, develop and promote wind power generation in the State with a view to meet the growing demand for power in an environmentally and economically sustainable manner. • To attract private investment to the State for the establishment of large wind power projects. • To promote investments for setting up manufacturing facilities in the State, which can generate gainful local employment. |
| 3. | Eligibility | <ol style="list-style-type: none"> 1. All registered companies, Joint Venture Companies, Central and State power generation/distribution companies and public/private sector wind power developers will be eligible for setting up of wind power projects, either for the purpose of captive/group captive use and/or for selling of electricity to the utilities or third parties, in accordance with the Electricity Act-2003, as amended from time to time. 2. The entity desiring to set up wind power project(s), either for sale of power and/or for captive use/group captive use of power within or outside the State, shall inform the Nodal Agency and also submit the DPR of the project with the details of technical and financial capabilities of the developer, based on which the Nodal agency will allocate the capacity for development. |
| 4. | Category of Wind Power Projects | <ol style="list-style-type: none"> 1. Category I <ul style="list-style-type: none"> • Projects set up in government/revenue lands or forest areas or I assigned lands and also in private lands selling power within the State or outside the State. • wind power does not cover projects below 25 MW capacity for intra-state and accordingly the procurement of power from wind power projects having capacity less than 25 MW shall be at Feed in Tariff (FiT) determined by AP Electricity Regulatory Commission to the extent power required within the State. • NREDCAP will pay the land cost as decided to the revenue authorities @ 10% of the market value for a period of 10 years. • NREDCAP will collect the lease rentals for 25 years period @ 10% on the market value of the land with 10% increase in every 5 years block period, from the project developer from the date of commissioning of project and shall utilize for the payment to the Revenue authorities towards land cost and promotion of renewable energy and other new green and clean technologies in AP State. 2. Category II <ul style="list-style-type: none"> • Projects set up for captive use or group captive use/3rd party sale within or outside the state. |

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| | | <ul style="list-style-type: none"> The State will promote wind power producers to set up wind power projects with no cap on capacity for captive use/group captive or sale of power to 3rd party within the State/States other than Andhra Pradesh. These projects will also qualify for Renewable Energy Certificates (RECs) subject to applicable regulations/guidelines issued by the appropriate commission. <p>3. Category III</p> <ul style="list-style-type: none"> Sale of power at average power purchase cost and availing Renewable Energy Certificate (REC). The power generated from these power projects shall be purchased by AP Discoms at pooled cost of power purchase as determined by APERC from time to time as required within the State and rest will be sold in open market by the producer. |
| 5. | Capacity Allotment | <ol style="list-style-type: none"> The wind power projects shall be allowed in the areas notified by MNRE or in the areas where wind monitoring studies have been undertaken by MNRE/NIWE/NREDCAP/ GoAP. NREDCAP shall be responsible for capacity allotment for upto 40 MW and to recommend capacity allotment beyond 40 MW to Government of AP. The Project Proponent shall have net worth of Rs. 2.00 crores for each MW capacity applied. In case of OEMs/ Project Developers who set up manufacturing units in AP State, the eligibility condition shall be having experience of 1 MW capacity project execution for each MW capacity applied. The application for wind power project capacity allotment shall be submitted to Nodal Agency along with non-refundable processing fee of Rs. 25,000/- per MW. On allotment of the project, non-refundable allotment fee of Rs.1.50 lakhs per MW shall be paid along with applicable taxes before signing of agreement. For transfer of capacities from manufacturers / developers, the transfer of capacity will be made only after WTGs are erected and grid feasibility is received before commissioning of the machines by collecting a fee of Rs. 50,000/- per MW. However, the transfer fee is not applicable for transfer of capacity from parent company to its subsidiary/SPV provided 51% equity share holding is held by the applicant. In case of transfer of capacities from one location to other location, a fee of Rs.50,000/- per MW shall be paid. In case of change of name of the company, a fee of Rs. 25,000/- for capacities upto 40 MW and Rs.1,00,000/- for capacities more than 40MW on lumpsum basis shall be levied. |
| 6. | Wind Resource Assessment studies in Private Sector | <ul style="list-style-type: none"> The WRA Studies shall be carried out as per the guidelines communicated by the MNRE vide Circular No. 51/9/2007-WE dated 20.06.2008 and OM No.336/19,2017-Wind dated 8.05.2018. The developer shall register the wind mast location duly indicating the geographical coordinates duly paying Rs. 2.00 lakh with applicable taxes for each wind mast. The developer shall have net worth of Rs.20 Crores for each mast applied. |
| 7. | Repowering | <ol style="list-style-type: none"> In respect of projects where lower capacity and lower hub height WEGs were installed and which have completed more than 15 years of life, proposals will be considered for replacing older turbines with higher capacity WEGs. In such cases, approval will be granted - subject to |

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| | | <p>amendment of Power Purchase Agreement (PPA) with extension of time period for another 25 years.</p> <p>2. The tariff for additional capacity arrived due to repowering of such projects shall be decided based on competitive bidding (or) shall be the lowest tariff discovered of the most recent competitive bidding process (or) sale to the distribution company (ies) at APPC under REC mechanism and avail RECs and shall be approved by the APERC.</p> |
| 8. | Power Evacuation | <p>1. The Eligible Developer shall bear the entire cost of power evacuation facilities for interconnecting the wind farm with the grid.</p> <p>2. All electrical installations within wind farm site and upto pooling sub-station shall be as per the statutory requirements and shall be certified by the Chief Electrical Inspector General (CEIG) or any other statutory authority.</p> <p>3. Any upstream system strengthening requirement shall be borne by APTransco/Discom on a priority basis.</p> |
| 9. | Transmission and Distribution charges for wheeling of power | <p>There will be no Transmission and Distribution charges only for wheeling of power generated from wind power projects to the nearest Central Transmission Utility(CTU) via State Transmission Utility (STU) network for inter- state wheeling of power subject to the consent of APERC.</p> |
| 10. | Energy Banking | <p>1. Banking charges shall be adjusted in kind @ 5% of the energy delivered at the point of drawal. The banking year shall be from April to March. Priority will be accorded for Wind-Solar Hybrid projects for Banking and drawal facility.</p> <p>2. Drawals from banked energy shall not be permitted during five (5) month period from 1st April to 30th June and 1st February to 31st March of each financial year.</p> <p>3. In addition, drawls of banked energy during the Time of the Day (ToD) applicable during the peak hours, as specified in the respective Retail Supply Tariff Order, shall also not be permitted throughout the year.</p> <p>4. The unutilized banked energy shall be considered as deemed purchase by Discoms at 50% of the Average Pooled Power Purchase Cost as determined by the APERC for the applicable year. Energy settlement shall be done on monthly basis.</p> <p>5. The payment for the deemed purchase of un-utilized banked energy shall be capped to 10% of the total banked energy during the applicable year.</p> |
| 11. | Open Access | <p>Intra-state Open Access clearance for the whole tenure of the project or 25 years whichever is earlier will be granted as per the APERC Regulations amended from time to time. In absence of any response or intimation from the Nodal Agency to the generator within 21 days, then such application shall be considered to be deemed open access.</p> |
| 12. | Reactive Power charges | <p>25 paise per kVARh will be levied on wind energy generators, who draw reactive power up to 10% of the net active energy generated. Anyone drawing in excess of 10% of the net active energy generated will be liable to pay 50 paise per kVARh.</p> |
| 13. | Non Agriculture Status | <p>Deemed Non-Agricultural (NA) status for the land where wind power projects will be accorded, on payment of applicable statutory fees.</p> |
| 14. | Must run status | <p>Injection from wind power projects shall be considered to be deemed scheduled subject to prevailing regulations/grid code of appropriate commission.</p> |

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| 15. | Pollution Clearance | Exempted |
| 16. | Nodal Agency | New and Renewable Energy Development Corporation of A.P. Ltd (NREDCAP) |
| 17. | Time Lines for Project Completion | <ol style="list-style-type: none"> 1. The Eligible Developers should enter into a project agreement along with the applicable fees and bank guarantees with the Nodal Agency within two (2) months from the date of sanction of the capacity allotment. 2. The developer shall also submit bank guarantee equivalent to Rs.2.00 lakhs per MW at the time of agreement. If the project is not implemented within 24 months, the project allotment stands cancelled. 3. After commissioning of the project, the company shall maintain minimum 26% equity share- holding of the total equity, until completion of one year from the date of commissioning of the project. |
| 18. | Manufacturing | <p>The following incentives shall be applicable for new manufacturing facilities and equipment's, ancillaries related to wind power projects set up in the state after bifurcation with the approval of the investments by the Government of A.P.</p> <ul style="list-style-type: none"> • Priority allotment of Government land on long term lease basis • Exemption from electricity duty for a period of ten(10) years for consumption of electricity from the first year of operation. • The services of Single Desk Portal can be made available for time bound statutory clearances. • Power Evacuation Connectivity and extending of banking facility for the wind power projects being developed by the manufacturers. |