

# Arunachal Pradesh Small Hydro Power Policy, 2007, Dated: 24.01.2008

Sl. No.	Description	Summary
1.	<b>Control/Review Period</b>	N.A.
2.	<b>Objective</b>	<ol style="list-style-type: none"> <li>1. This policy envisages private participation in development of small hydro projects with certain attractive incentives.</li> <li>2. This policy also envisages for formulation and notification of an Action Plan for Small Hydro Power Generation.</li> <li>3. The players in this sector can be among private entrepreneurs, cooperative societies and NGOs in the State with the objectives of meeting the growing demand of power under this policy.</li> </ol>
3.	<b>Classification of Projects</b>	<ul style="list-style-type: none"> <li>• <b>Category - I:</b> Projects having installed capacities of above 1 MW and upto 25 MW shall have the capability of operating in both Grid and Isolation mode. This category of projects will have all components and features of conventional hydro power projects providing Grid Quality Power.</li> <li>• <b>Category - II:</b> Projects having installed capacities of above 100 KW and up to 1000 KW shall be designed for standalone mode for providing dedicated power to a village or a habitat or a locality or a cluster of villages with or without connectivity to grid. The power supply to the consumers shall be provided either at High Voltage or Low Voltage systems as the case may be.</li> <li>• <b>Category - III:</b> Projects having installed capacities of up to 100 KW shall be designed for standalone mode dedicated to a village or a habitat directly distributing power to the households without high tension systems.</li> </ul>
4.	<b>Eligibility</b>	Registered Companies having its registered office in Arunachal Pradesh/Partnership concerns/Sole Proprietors/NGOs/Co-Operative Societies/Joint Venture concerns or consortium of Companies of which the leading partner being a bonafide Arunachalee shall be eligible for allocation of the projects under this policy.
5.	<b>Commercial Categories Of Power Producers</b>	<ol style="list-style-type: none"> <li>1. <b>Independent Power Producers (IPPs):</b> This category of power producers shall produce power to sell power to the State power utilities/State Government under a 'Power Purchase Agreement' (PPA) at a pre-determined tariff or formula of tariff as defined by the SERC or the State Government as the case may be. The developer shall be provided with open access facility for which a separate agreement has to be settled with the State Transmission Utility (STU) at a tariff determined by the SERC/State Government.</li> <li>2. <b>Merchant Power Producers (MPPs):</b> <ul style="list-style-type: none"> <li>• This category of power producers shall produce power to sale power to limited number of permitted pre-determined third party (or parties), preferably heavy power consuming industries set up within the State. The MPPs shall be provided with open access facility for which an agreement has to be settled with the State Transmission Utility (STU) before final decision of investment. The State is not bound to purchase MPPs power under this policy.</li> <li>• MPPs shall not be eligible for retail sale of power to general consumers to replicate the function of a DISCOM without a license.</li> </ul> </li> </ol>

		<p><b>3. Captive Power Producers (CPPs) :</b> This category of power producers shall produce power only for their own consumption, under this policy. CPPs shall be treated at par with that of MPPs as per as the other conditions are concerned.</p>																											
6.	<b>Projects Identification And Allocation</b>	The Government of Arunachal Pradesh shall allocate projects to the eligible applicant for development on BOOT (Build, Own and Operate and Transfer) basis for a period of 50 (fifty) years.																											
7.	<b>Process Of Allotment</b>	<p>1. Selection of developers shall be done based on the eligibility and qualification criteria as provided under this policy.</p> <p>2. The selected developer shall deposit the prescribed processing fee and minimum base line Upfront Premium to the State Government. The Upfront Premium shall be generally a nonrefundable one time commitment fee which shall not have any bearing on the project account.</p> <table border="1"> <thead> <tr> <th>Category of Hydro Project</th> <th>Processing fee</th> <th>Minimum Upfront</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Category — I</b></td> </tr> <tr> <td>Above 10 MW up to 25 MW</td> <td>Rs. 50,000 per Project</td> <td>Rs. 20,000 per MW</td> </tr> <tr> <td>Above 5 MW up to 10 MW</td> <td>Rs. 35,000 per Project</td> <td>Rs. 15,000 per MW</td> </tr> <tr> <td>Above 1 MW up to 5 MW</td> <td>Rs. 25,000 per Project</td> <td>Rs. 10,000 per MW</td> </tr> <tr> <td colspan="3"><b>Category — II</b></td> </tr> <tr> <td>Above 100 KW up to 1000 KW</td> <td>Rs. 15,000 per Project</td> <td>NIL</td> </tr> <tr> <td colspan="3"><b>Category — III</b></td> </tr> <tr> <td>Up to 100 KW</td> <td>Rs. 10,000 per Project</td> <td>NIL</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The Upfront premium paid shall not form part of the project cost.</li> <li>The selected developer shall be required to deposit the processing fee and Upfront Premium (both non-refundable) at the time of signing of the Memorandum of Agreement (MoA) with the State Government, failing which, the State Government shall have the exclusive right to re-allocate the project to any other eligible developer.</li> </ul>	Category of Hydro Project	Processing fee	Minimum Upfront	<b>Category — I</b>			Above 10 MW up to 25 MW	Rs. 50,000 per Project	Rs. 20,000 per MW	Above 5 MW up to 10 MW	Rs. 35,000 per Project	Rs. 15,000 per MW	Above 1 MW up to 5 MW	Rs. 25,000 per Project	Rs. 10,000 per MW	<b>Category — II</b>			Above 100 KW up to 1000 KW	Rs. 15,000 per Project	NIL	<b>Category — III</b>			Up to 100 KW	Rs. 10,000 per Project	NIL
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8.	<b>Single Window Selection</b>	A High Level Selection Committee comprising of subject specialists will examine the proposals of the prospective developers and submit its observations/recommendations to the State Government.																											
9.	<b>Statutory Clearances</b>	<p>1. Within 12 months from the date of signing of the MoA the selected developer shall complete all post allotment obligations including preparation of DPR, possession of the project site and obtaining all statutory clearances of the State Government such as System Coordination and Techno Economic Clearance (SC &amp; TEC)/ the MoE &amp;F, Government of India, as the case may be.</p> <p>2. If the project is found not feasible by the Standing Committee on Technical and Economic Affairs, the State Government, upon mutual understanding with the developer, shall terminate the agreement and the upfront payment shall be refunded to the developer without interest.</p>																											
10.	<b>Time Schedule For Commencement Of Work</b>	1. Upon failure of the developer to commence work at the project site within 18 months from the date of signing of the MoA, the agreement shall stand automatically terminated.																											

		2. Upfront payment shall be forfeited because of the time lost upon the State Government and blockage of the site.
11.	<b>Land Acquisition For The Project</b>	The land required for construction of the project and other allied infrastructures, as may be applied by the developer, shall be acquired and leased, to the developer against payment of land revenue as per relevant tariff of the State Government. The period of lease will be continued till the BOOT period of the project.
12.	<b>Rehabilitation And Re-Settlement</b>	Rehabilitation and Re-settlement works, if any, for displaced persons due to the project shall be financed by the developer, as per relevant law/ guidelines of the State.
13.	<b>Equity Participation</b>	The State Government shall reserve the right of equity participation on mutual understanding with the developer through its agency on Joint Venture.
14.	<b>Sale Of Power</b>	<ol style="list-style-type: none"> <li>1. The developer under IPP category can enter into contract to sell power to the State Government through a PPA to be signed within 6 months after signing of MoA at a tariff, 10 paise lower than the tariff as determined by the CERC/SERC or the State Government as the case may be for sale to outside the State.</li> <li>2. The developer under IPP/MPP/ CPP category may be allowed after prior approval of the Government to sell power outside the state of Arunachal Pradesh only under a special license to do so in the event of surrender of contracted power.</li> <li>3. The State Government shall open Letter of Credit in favour of the Developer in State Bank of India, Itanagar for an amount which would be specified in the PPA for regular transactions of power purchased from the IPP/MPP/ CPP etc. as the case may be.</li> </ol>
15.	<b>Banking Of Power</b>	Banking of Power shall not be allowed without prior permission of the State Government.
16.	<b>Transmission System And Evacuation</b>	<ol style="list-style-type: none"> <li>1. The State Transmission Utility (STU) and the prospective developer shall enter into a proper understanding/Agreement about Power Evacuation System and open excess facility/availability before the developer takes final investment decision.</li> <li>2. In this connection, a Letter of Comfort on Transmission (LCT) can be obtained from the STU before submission of application/ expression of interest for allotment of the project.</li> </ol>
17.	<b>Wheeling Charges</b>	<ol style="list-style-type: none"> <li>1. The existing transmission system or the systems built for the purpose and other allied facilities will be made available to all developers for Open Access and wheeling of power.</li> <li>2. The developers shall have to enter into an agreement with the STU on payment at a wheeling rate as may be determined by the SERC/State.</li> </ol>
18.	<b>Transfer And Sale Of Power Plant</b>	The developer will not be allowed to sale and transfer the power plant to any other party/parties without the prior permission of the State Government.
19.	<b>Free Power And Other Charges</b>	On all projects governed by this policy, as an incentive for timely completion, there shall be a moratorium of free power as given in the following table. Free power concessions will also be made available at the following concessional rates.

		<b>Sl. No.</b>	<b>Category</b>	<b>Moratorium Period from scheduled COD</b>	<b>Rate of free power after Moratorium period up to 50th Year.</b>
		1.	Projects up-to 1000 KW	Nil	Nil
		2.	Projects above 1 MW up-to 5 MW	3 Years	5 %
		3.	Projects above 5 MW up-to 10 MW	2 Years	8 %
		4.	Projects above 10 MW up-to 25 MW	1 Years	10 %
<b>20.</b>	<b>Incentives By State Government</b>	<ol style="list-style-type: none"> <li>1. The State Government shall facilitate in obtaining subsidies, tax concession etc. as may be available from the Central Government for development of SHP.</li> <li>2. The State Government shall allow to the extent of 50% share of Carbon Credit benefit as may be available from Carbon Trading under CDM.</li> <li>3. Indigenous tribal entrepreneurs shall be exempted from supplying free power to the State Government under this policy for projects up to 5 MW capacity.</li> </ol>			
<b>21.</b>	<b>Employment Opportunities</b>	The developer has to spell out clearly the employment opportunities to be provided to the bonafide Arunachalees as a part of his offer to the state in his application. This shall be one of the selection criteria for allotment of project under this policy.			
<b>22.</b>	<b>Monitoring Of Projects</b>	The Government of Arunachal Pradesh shall have the right to monitor physical and financial progress of the projects on monthly/quarterly/half yearly basis as felt necessary from time to time through a Technical Committee.			
<b>23.</b>	<b>General Conditions</b>	<ol style="list-style-type: none"> <li>1. The developers shall be generally liable to pay all the statutory levies.</li> <li>2. The developer shall pay an amount worked out at the rate of 1 (one) paise per unit of power sold during every financial year to the State Government for raising local area development fund effected by the project(s).</li> </ol>			