

# Bihar Policy for Promotion of Bihar New and Renewable Energy Sources 2017, Dated: 08.02.2017

Sl. No.	Description	Summary
1.	<b>Operative Period</b>	5-Years
2.	<b>Nodal agency</b>	Bihar Renewable Energy Development Agency (BREDA) will be the key agency for all renewable projects, except for small/ micro/ mini hydro projects, for which Bihar State Hydroelectric Power Corporation Limited (BSHPCL) shall be the nodal agency.
3.	<b>Objectives</b>	<ol style="list-style-type: none"> <li>1. To target installed capacity of 2969 MW solar, 244 MW Biomass &amp; Bagasse cogeneration and 220 MW small hydro power by 2022 in the state with an objective to meet the growing demand for power in an environmentally sustainable manner.</li> <li>2. To attract private sector participation including foreign players in solar energy sector by providing conducive environment for setting up grid connection as well as decentralized renewable energy projects.</li> <li>3. To provide decentralized renewable energy for agriculture, industry, commercial and household sector particularly in rural areas thereby improving the quality of power.</li> <li>4. To support R&amp;D, demonstration and commercialization of new and emerging technologies/applications</li> <li>5. To promote local manufacturing contribute economic growth in the state.</li> <li>6. To facilitate imparting necessary skills and capacity building in establishing, operating and managing RE projects to generate indirect employment opportunities for local population.</li> </ol>
4.	<b>Eligibility</b>	All registered companies, Government entities, partnership companies/ firms, Individuals, Consortia, Panchayat Raj Institutions, Urban Local Bodies, Co-Operative or Registered Society and all consumers of Bihar state distribution companies will be eligible for setting up of RE Projects within the state for sale of electricity/captive use, in accordance with the Electricity Act-2003, as amended from time to time.
5.	<b>Grid Connected Solar</b>	In order to fulfil 8% solar RPO by 2022, and contribute to achieve a 100 GW target of the Government of India, MNRE has set a capacity target of 2969 MW for Bihar to be achieved by 2022.
6.	<b>Sale of Power to DISCOM (Projects size &gt;2 MW)</b>	Determined through competitive bidding and shall help distribution companies fulfil their RPOs.
7.	<b>Sale of Power to DISCOM (Projects size &lt;2 MW)</b>	Under this scheme, project size between 0.5 MW to 2 MW in multiple of 100 kW (peak AC output at the interconnection point) shall be allowed to be set up by land owning farmers, cooperatives, Societies, Gram Panchayats, Block - Panchayat-municipalities, MSME units, existing Industrial units, etc. for sale of power to distribution companies (DISCOM) through competitive bidding or at BERC determined tariff on first come first served basis subject to the requirement for fulfilling the RPO.
8.	<b>Energy Certificates (REC) Mechanism</b>	The power from the projects shall be purchased by the state distribution companies at average pooled power purchase cost as determined by BERC.

9.	<b>Sale of Power to Captive Consumer</b>	The state shall promote solar project developers to set up solar projects for captive use, or sale of power to 3 <sup>rd</sup> party, or to states other than Bihar through open access mode. Arrangement of wheeling, transmission, banking and applicability of charges like open access charges, cross subsidy surcharge shall be as per guidelines/regulations/orders of BERC.
10.	<b>Solar Power Projects Category</b>	<ol style="list-style-type: none"> <li>1. Grid connected Rooftop solar PV</li> <li>2. Solar rooftop on gross metering mode</li> <li>3. Solar rooftop on net metering mode: project capacity ranging from minimum 1 kWp to 1 MWp with or without battery back-up support</li> <li>4. 3<sup>rd</sup> party sale: Government of Bihar also encourages developers to set up rooftop solar projects for sale of power to a captive consumer or to a 3<sup>rd</sup> party. Applicable charges after adjusting incentives mentioned in this policy document will be payable to DISCOMs.</li> </ol>
11.	<b>Small Hydro</b>	The state has significant Hydro potential that includes sites for developing Micro (up to 100 kW), Mini (101 kW-2 MW) & Small (2.001-25 MW) Hydro power projects. RE policy envisages cumulative target of 220 MW to be achieved from Micro/Mini/Small Hydro projects in Bihar.
12.	<b>Biomass &amp; Bagasse Power</b>	<ol style="list-style-type: none"> <li>1. The policy envisages that Biomass and Bagasse based cogeneration projects will contribute a cumulative target of 244 MW by 2022.</li> <li>2. For any project having a capacity of 5 MW or more, BREDA (Nodal Agency)/SIPB (State Investment Promotion Board) shall not approve any other biomass based project within a radial distance of 25 km from approved project. However, BREDA/SIPB reserves the right to reduce or increase the above area, while keeping in view the availability of biomass in that area.</li> </ol>
13.	<b>Mini-Grid Projects</b>	<ol style="list-style-type: none"> <li>1. Mini grid projects with capacity size of up to 500 kW, and powered by solar, biomass, wind, or hybrid can be installed.</li> <li>2. The Bihar government targets to achieve deployment around 100 MW of capacity equivalent of mini-grids.</li> </ol>
14.	<b>Decentralised Applications</b>	The government now targets deployment of 10,000 solar powered pumps by 2022. The government targets deployment of 5000 m <sup>2</sup> solar concentrator area of CSTs by 2022.
15.	<b>Transmission &amp; Distribution charges</b>	Exempted for wheeling of power generated from Renewable Power Projects for only captive use/third party sale within the State.
16.	<b>Transmission &amp; Distribution Loss</b>	Exempted for Power Projects injecting at 33 kv or below irrespective of voltage-level of the delivery point within the Distribution company
17.	<b>Power Evacuation</b>	The capital cost of the transmission system for evacuation of Renewable Energy Power to the nearest sub-station including all metering and protective instruments shall be borne by the State Government, provided the power plant is located upto 10 km from the nearest sub-station.
18.	<b>Banking</b>	Banking of 100% energy shall be permitted for all Captive and Open Access/ Scheduled Consumers during each financial year. Banking charges shall be adjusted @ 2% of the energy delivered at the point of drawing. It shall be guided by the orders issued by the state commission (BERC)
19.	<b>Cross-Subsidy surcharge</b>	Exempted for third party sale for projects setup within the State for the entire policy period of this RE policy.

20.	<b>Tax Related Incentive</b>	<ol style="list-style-type: none"> <li>1. All new units can avail tax related benefits with a maximum limit as defined below: <ol style="list-style-type: none"> <li>a) Non-priority sector: 70% of the approved project cost</li> <li>b) Priority sector; 100% of the approved project cost</li> </ol> </li> <li>2. All new micro and small units will be given tax benefits by additional 30% of the approved project cost.</li> <li>3. All units engaged in generation of solar and/ or renewable energy for commercial purpose will be given tax benefits by additional 30% of the approved project cost</li> </ol>
21.	<b>Land</b>	It is the responsibility of the project developer to acquire the required land for setting up the project. However, in case of land owned by Revenue Department, the land allotment shall be done as per the prevailing government policy.
22.	<b>Pollution Clearance</b>	<ol style="list-style-type: none"> <li>1. Power plants upto 15 MW, based on biomass and using auxiliary fuels such as coal/lignite/petroleum products up to 15% are exempted.</li> <li>2. Power plants up to 15 MW, based on non-hazardous waste municipal and using auxiliary fuels such as coal/ lignite/ petroleum products up to 15% are exempted.</li> <li>3. Power plants using waste heat boiler without any auxiliary are exempted.</li> </ol>
23.	<b>Building Manufacturing Capacity</b>	Manufacturing units shall also be offered Exemption from electricity duty for a period of five (05) years.
24.	<b>Transmission Infrastructure</b>	The capital cost of the transmission system for evacuation of Renewable Energy Power to the nearest sub-station including all metering and protective instruments shall be borne by the State Government, provided the power plant is located upto 10 km from the nearest sub-station
25.	<b>Bihar Renewable Energy Development Fund</b>	<ol style="list-style-type: none"> <li>1. Power producers willing to set up grid connected Renewable Energy projects should submit their application in the prescribed format along with a registration fee of Rs. 100 per kWp, subject to minimum Rs, 2000 per project and maximum upto Rs, 10,000 per project. Projects with an individual capacity of more than 1 MW shall also contribute a one-time payment as facilitation fee of Rs. 100,000/MW, payable at the time of application towards creation of Bihar state Renewable Energy Development Fund.</li> <li>2. Additionally, with approval from BERC, a renewable energy development cess of 10 paise/unit will be charged for each unit of power sold by state DISCOMs for all consumer except BPL &amp; agriculture consumer and deposited against the fund.</li> <li>3. A service charge of 7% shall be charged by BREDA for execution of RE projects which will contribute towards the Bihar renewable energy development fund</li> </ol>