

Hydro Power Policy – 2006 (Generation Projects above 5 MW Capacity) with amendment Dated: 15.05.2018

Sl. No.	Description	Summary
1.	Capacity	<p>Out of the total identified potential of 21,000 MW (approx.), Hydro power stations with installed capacity of 6150 MW only have so far been established as detailed below:</p> <ul style="list-style-type: none"> (a) State sector - 413.50 MW (b) Central Sector/ - 3829.57 MW (c) Joint Sector - 1500.00MW (d) Private Sector - 386.00 MW (e) Under Himurja - 21.20 MW <p>Total: 6150.27 MW</p>
2.	Policy	<ol style="list-style-type: none"> 1. The State Government may give first preference to the developers of HEPs above 5.00 MW and upto 25.00 MW to Himachalis who have been living in Himachal Pradesh from generation to generation and Cooperatives of such Himachalis. 2. However, not more than 2 projects falling in this category shall be allotted to the same Himachalis. 3. Category Category-I : Projects above 5 MW to 100 MW installed capacity. Projects to be allotted through MOU Route. Category-II : Projects above 100MW installed capacity. Projects to be allotted through ICB Route.
3.	Participation in Implementation	<p>The Company/Consortium shall be selected for the Project on the basis of their equity participation in implementation of the Project as under:-</p> <ul style="list-style-type: none"> (a) The Company shall retain their equity participation till three years after commissioning of the Project. (b) No compensation whatsoever shall be payable by the Government in any change in Consortium/Equity. (c) The Government may consider the request of the Company for changing the name of the Company or Consortium subject to the condition that the Principal Promoter shall retain the controlling interest i.e. 51% equity in the new entity.. (d) Free transfer of shares will be permitted in the Company's allotted Projects as per the prevailing Policy. (e) The Projects will be allotted on the basis of tentative installed capacity. However, in case the capacity of the Projects increases/ decreases upon firming up of the potential as per TEC accorded by the competent authority, the Company shall be required to sign the fresh/revised MOU/IA with the Government as the case may be. In all such cases, the royalty, upfront premium and other charges shall be levied according to the approved norms of the Government for the revised capacity. (f) The developer should carryout development of the Project(s) so that these qualify for carbon credits at the National/International levels. (g) The Agreement shall remain in force up to a period of 40 years from the

		<p>Scheduled Commercial Operation Date of the Project, thereafter, the Project shall revert to the State Government free of cost and free from all encumbrances.</p> <p>(h) The Company shall open a Police Station/Chowki and a Labour office in Projects above 50 MW at its cost.</p> <p>(i) For all the Projects above 5 MW, the Company shall inform the local Police Station and the Labour Office about the details of the labourers and other work force engaged who are both from within the State, country or outside the country, regularly.</p> <p>(j) The State Government have decided not to execute 210 MW Baspa- I HEP in Sangla Valley in Distt. Kinnaur, 126 MW Chamba HEP in Distt. Chamba, 99 MW Gharopa HEP in Kullu Valley and 25 MW Gara Gossain HEP alongwith eight mini Hydrel Projects in Tirthan Valley in Kullu Distt. to conserve ecology, environment and also to protect the wild life, aquatic life and the trout rearing activities.</p> <p>(k) The Company shall ensure that during the deployment of Himachalis in respect of Executive/Non-Executive/Skilled/Non-Skilled categories at any stage of the Project implementation, if it is not possible to recruit 100% staff from Himachalis for justifiable reasons, only then the Company shall maintain not less 70% of the total employees/officers/executives from Bonafide Himachali persons.</p>
4.	LADC Activities	<p>1 PWD/ other roads leading to the Project areas shall not form part of LADC activities.</p> <p>2 The activities of the LADC during execution shall be financed by the Project itself and for this purpose the Developer shall make a provision of 1.5% of final cost of the Project. The LADC activities shall be financed from the above provision and not from free power as royalty.</p>
5.	Government Role	<p>The Government shall create an Authority of Hydro Project Safety, Quality Control & Management of water Flows and Discharge in due course.</p> <p>1 It will ensure that such Hydro Projects operate normally and maintain emergency preparedness.</p> <p>2 Shall impose fines/penalties for violations as may be prescribed by the Government.</p>
6.	Dumping Management	<p>The Company shall ensure that the material excavated from the site shall be dumped in the area duly approved by the Ministry of Environments Forests, GOI/State Pollution Control Board.</p>
7.	Royalty	<p>1. In case of already allotted (but not commissioned) Projects: The free power quantum to be received on account of free power share of the State will be deferred for the critical period of initial 12 years from the date of achieving Scheduled Commercial Operation Date (SCOD) or Commercial Operation Date (COD) whichever is earlier. The quantum to be deferred shall be recovered during the balance agreement period in a uniform percentage rate for all the ongoing private sector projects which are under construction and at various stages of clearances.</p> <p>2. In case of Projects to be allotted under Private Sector: The Free Power Royalty for all the new hydro projects to be allotted in future under Private Sector shall be levied as per the provisions contained in the National Hydro Power Policy i.e. levy of royalty in the shape of Free Power will be at uniform rate of 12% for the entire agreement period.</p>

8.	Incentive for early Commercial Operation of the Project	<p>In case the Commercial Operation of the Project is achieved prior to the Scheduled Commercial Operation Date, the quantum of free power to Government shall be as under</p> <ol style="list-style-type: none"> 1 Commencing from date of synchronization of the first unit up to the COD of the Project, 12% of Deliverable Energy. 2 From COD of the Project up to the Scheduled Commercial Operation Date of the Project, such percentage of Deliverable Energy as is equal to the following:- <ol style="list-style-type: none"> a) 12% less two tenth (0.2) percentage points for each period of seventy three (73) days (or part thereof) falling between the COD of the Project and Scheduled Commercial Operation Date of the Project. b) 12% of the Deliverable Energy for a period of twelve (12) years from Scheduled Commercial Operation Date of the Project.
9.	Disincentive for delayed Commercial Operation of the Project	<ol style="list-style-type: none"> 1. Commencing from date of synchronization of the first Unit up to the Scheduled Commercial Date of the Project, twelve (12) percent of Deliverable Energy. 2. Commencing from scheduled COD of the Project and for such number of days by which the Commercial Operation of the Project is delayed beyond the Scheduled Commercial Operation Date of the Project, such percentage of Deliverable Energy as is equal to the following :- <ol style="list-style-type: none"> a) 12% plus two tenth (0.2) percentage points for each period of seventy three (73) days (or part thereof) falling between the Scheduled COD of the Project and Commercial Operation Date of the Project. b) From Commercial Operation Date of the Project up to the date falling twelve (12) years from the Scheduled Commercial Operation Date of the Project, 12% of the Deliverable Energy. c) The Developer shall pay the amount of free power component as mentioned in clause (ii) (i) above, in 10 equal monthly installments from actual COD of the Project, in addition to normal free power due. 1 For Projects above 100 MW installed capacity, the Government of Himachal Pradesh reserves the right of equity participation up to 49% on selective basis. 2 The security deposited at the time of signing of MOU shall be refunded without interest. 50% of the upfront premium shall also be refunded without interest. 3 The Government of Himachal Pradesh reserves the right either to allot these Projects upto 25.00 MW to HPC & HPSEB or offer it to the IPPs and above 25MW to HPC & IPPs.. However, for Projects upto 25.00 MW, preference shall be given to Bonafide Himachalies.
10.	Incentives to the Developers by Ministry of Nonconventional Energy Sources (MNES), Government of India	<ol style="list-style-type: none"> 1. MNES Capital Subsidy Scheme for setting up of commercial Small Hydro Power (SHP) Projects upto 25 MW station capacity in Himachal Pradesh 2. The quantum of subsidy will be independent of quantum of term loan and will be limited to the amount indicated below:- <ol style="list-style-type: none"> a) For projects having installed capacity upto 25 MW 45% of Project cost limited to Rs. 2.25 crores + Rs. 37.50 lacs per MW. 3. MNES Scheme for providing promotional incentives to carry out Detailed Survey & Investigation (DSI) and preparation of Detailed Project Report (DPR) for SHP sites up to 25 MW potential in Himachal

		<p>Pradesh.</p> <p>4. In order to encourage SHP development at the identified potential sites, the following promotional incentives under SHP programme of MNES will be applicable in the form of grant-in aid as per the amount given below</p> <p>a) For projects having installed capacity upto 10 MW Rs. 3.00 lacs</p> <p>b) For projects having installed capacity above 10 MW & upto 25 MW Rs. 5.00 lacs</p>
11.	Eligibility Criteria	<p>1 The proposal for preparation of Detailed Project Report (DPR) will be considered for SHP Project sites where detailed survey and investigations have already been completed, and the DSI report has been enclosed.</p> <p>2 The Hilly areas would mean the areas in the State as mentioned/declared by various State Governments.</p>
12.	Tariff Determination	The tariff shall be determined by HPERC with respect to date of achieving COD of the project instead of the date of signing of IA.
13.	Allocation of projects for Captive use	The projects upto capacity of 10 MW for captive use of power for existing industries or for new industrial units within the State of Himachal Pradesh shall be allocated without competitive bidding.
14.	Re-defining of Milestones for Stalled Projects	The Administrative Department is authorized to re-define the milestones afresh where 100% equity transfer is permitted by the Government as per the prevailing hydro power policy guidelines by entering into revised agreement for the stalled under construction projects.
15.	Open Access Charges	No open access charges for the use of intra-state transmission network shall be payable by hydro projects having capacity upto 25 MW which shall be commissioned after this notification.