

Policy for Development of Small Hydro Energy for Power Generation (Upto 10 MW) Government of Jammu & Kashmir 2017

Sl. No.	Description	Summary
1.	Nodal Agency	Jammu & Kashmir Energy Development Agency (JAKEDA)
2.	Objective	<ol style="list-style-type: none"> 1. Energy Security 2. Economic Benefits 3. Social Equity
3.	Scope of Policy	The policy shall cover small hydel projects upto 10 MW Capacity.
4.	Projects Categories	<ol style="list-style-type: none"> 1. Independent power projects (IPPs) based on new plants (for sale of power to the grid or any other customer within or outside the State) <ol style="list-style-type: none"> a) Solicited b) Unsolicited 2. Captive and grid spill over power projects (i.e., self-use and sale to utility or any other customer within or outside the State) 3. Captive power projects (i.e., for self or dedicated use) 4. Self identified projects 5. Isolated grid power projects (i.e., small, stand-alone) <ol style="list-style-type: none"> a) Solicited b) Unsolicited.
5.	Mandatory Purchase of Electricity	It shall be mandatory for the power distribution utilities to buy all the electricity offered to them by the projects established in accordance with the provisions.
6.	Grid Connection, Off-take Voltage and Interface	<p>Electricity shall be purchased from power producers at a voltage of 220 kV at the outgoing bus bar of the power station</p> <ol style="list-style-type: none"> 1. if the power station is located within 70 km of an existing 220 kV transmission line, 2. or at 132 kV if it is within 50 km of an existing 132 kV transmission line, 3. or at 33 KV if it is within 10 Km of existing 33 KV transmission line or at 11 kV if it is within 5 km of an existing 11 kV transmission line.
7.	Wheeling	<ol style="list-style-type: none"> 1. Power producers shall also be allowed to enter into direct (bilateral) sales contracts with end-use customers. 2. For direct sales, they shall be required to pay wheeling' charges for the use of the transmission and/or distribution grid network used to transport the power from the plant to the purchaser. 3. This wheeling charge will reflect the cost of providing and maintaining the transmission interconnection, including the energy losses suffered enroute, as calculated by JKSERC.
8.	Specific Incentives for Grid-Connected	Carbon Credits: It is appropriate that any carbon credits obtained by IPPs be utilized to improve the economic competitiveness of hydel based grid power for both

	IPPs	the procurer and the producers.
9.	Facilities for Captive and Grid Spill over Projects	<p>Net Purchase and Sales: Net purchase and sales—or net billing —arrangements will involve measurement of the electricity received and supplied to the utility by the power producer using two separate sets of unidirectional meters.</p> <p>Net Metering:</p> <ul style="list-style-type: none"> a) A power project of capacity up to 10 MW set up for self (captive) or dedicated use may also supply surplus electricity to the power utility while at other times drawing electricity from the utility to supplement its own production for local use . b) Net metering arrangements may involve separate sets of unidirectional meters for recording the electricity received and supplied to the utility by the power producer, or special bidirectional meters capable of instantaneously recording net power transfers. <p>Banking:</p> <ul style="list-style-type: none"> a) Under this arrangement, a producer may generate and supply power to the grid at one location and receive an equivalent number of units for self use (say, at a factory) at a different or physically distant location on the grid at a different time without paying any wheeling charges, but subject to the distance limits for power input and off take as noted in clause 6. b) Any excess (net) units supplied by the producer's plant in a given month shall be credited to the producer on a rolling monthly basis (i.e., deducted from the next month's consumption).
10.	Facilities for Off-grid and Dispersed RE Power Generation	For projects up to 11 kV that are not connected to national or regional utility grids, such projects Environmental clearance shall not be required, provided minimum permitting requirements, as defined, are met.
11.	Financial and Fiscal Incentives	<p>These facilities shall be equally applicable to private, public-private, and public sector hydropower projects.</p> <p>Fiscal Incentives:</p> <ul style="list-style-type: none"> a) No entry tax or sales tax for machinery equipment and spares. b) Exemption from income tax. c) Repatriation of equity along with dividends freely allowed, subject to rules and regulations prescribed by the Government Jammu & Kashmir. d) Parties may raise local and foreign finance in accordance with regulations applicable to industry in general. <p>Financial Incentives:</p> <ul style="list-style-type: none"> a) Permission for power generation companies to issue corporate registered bonds. b) Permission to issue shares at discounted prices to enable venture capitalists to be provided higher rates of return proportionate to the risk c) Non-residents allowed to purchase securities issued by Jammu & Kashmiri companies without the Government of Jammu & Kashmir's permission.
12.	Sale of Power to Grid or any other Customer within or	The bidding variable shall be upfront premium only. The threshold value of upfront premium shall be Rs 3.0 lacs per MW.

	outside the State	<p>Details required for Unsolicited Proposals:</p> <ol style="list-style-type: none"> Statement of qualification of project sponsors, listing relevant corporate experience, personnel, and financial capacity, Project name Project location (including geographical or GPS coordinates) Proposed net installed capacity (MW) and expected annual energy output (MWh) Basic outline of plant and structures Summary implementation plan, committing milestones for project preparation, implementation and completion date. Estimated distance from the nearest 132 kV or 33 KV or 11 kV line or grid station . <p>Processing Steps for Unsolicited Proposals:</p> <ul style="list-style-type: none"> Submission of Unsolicited Proposals Evaluation of Unsolicited Proposals and Issuance of Letter of Intent Feasibility Study Validity Period of Letter of Intent Request for Determination of Tariff Performance Guarantee and Letter of Support <p>Process Steps for Solicited Proposals</p> <ul style="list-style-type: none"> Request for Proposals Bid Bond, Upfront Premium ,Performance guarantee and Letter of Support Process Subsequent to Issuance of LoS
13.	Fee Structure	<ol style="list-style-type: none"> Registration 5000 Rs. Prequalification fee including cost of prequalification Documents 25000 Rs. Cost of RFP documents 25000 Rs. Project facilitation and evaluation expenses for projects registered with JAKEDA Government <ul style="list-style-type: none"> 1 ≤ 5 MW : 25000 Rs. 2 > 5 MW to 10 MW : 50000 Rs. Solicited projects :Threshold value shall be Rs 3.0 lac /MW Unsolicited projects : Threshold premium of Rs.3.0 lac per MW whichever is higher Performance Guarantee for successful commissioning of the project before issuance of Letter of Support (LoS) by JAKEDA <ul style="list-style-type: none"> (Solicited Projects) Rs. 5,00,000/MW capacity Unsolicited projects Rs. 5,00,000/MW capacity Legal/processing fees Rs. 1,00,000
14.	Lock-in Period	The 'Main Sponsor' (defined as the individual or group holding at least 26% equity in the IPP project), together with other initial project shareholders, must hold 51% of the project equity for a period up to the project's Commercial Operations Date (COD). After COD free transfer of shares shall be permitted.
15.	Types of Contracts	<ol style="list-style-type: none"> IPP projects for sale of all power to the grid system may be implemented through either 'Build, Own and Operate' (BOO) and 'Build, Own, Operate, and

		<p>Transfer' (BOOT) contracts between the parties concerned, valid for a period of not less than 35 years.</p> <p>2. For the other type of projects, no such contracts shall be required.</p>
14.	Determination of Tariff	For Grid-Connected IPPs: The guidelines issued/amended by JKSERC for determination of tariff for hydro power projects from time to time shall be applicable.
15.	Water Charges	Exempted