

MANIPUR



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GOVERNMENT OF MANIPUR
SECRETARIAT: POWER DEPARTMENT

ORDER BY THE GOVERNOR: MANIPUR

Imphal, the 24th October, 2012

No. 3/14/2011- Power : The Governor of Manipur is pleased to order adoption of the State Hydro Power Policy which shall be known as “ Manipur Hydro Power Policy - 2012” for development of hydro power projects having capacities more than 5 MW in the state. The Policy shall come into force with effect from the date of notification in the Manipur Gazette and the details of the Policy are as under:-

1.0 Introduction

Power is a crucial infrastructure for economic development of a country and improvement of the standard of living of its citizens. In fact, it is the prime mover of growth and is vital for sustenance of a modern economy. Manipur is one of the backward states of the North Eastern region of the country. The present average per capita energy consumption of the state is only 185 kWh against the National average of 734 kWh. Realizing this, the Government of Manipur has chosen development of power sector particularly the hydropower generation as one of its thrust area of development in the state. Manipur has identified hydro power potential of about 2190 MW which is not only sufficient to meet the local requirement for domestic and industrial uses but leave surplus for marketing outside. So far, Loktak Hydroelectric Project having 105 MW has been implemented by NHPC under central sector which is only about 5% of the total potential. Thus, the State has an enormous task to harness its hydro power potential. The State Government intends to facilitate participation of private developers, CPSUs and SPSUs in the development of hydro power in the state. The State is committed to provide an attractive and investment friendly atmosphere for the developers. As such, it has given top priority in generation sector to develop hydro power potential as one of the major industries. Substantial numbers of skilled unemployed manpower is also available in the State. The state, though hilly, has a good road net work and most of the project sites are thus accessible. Evacuation of the power produced from these identified projects can be made through the existing wide and strong network of the North Eastern Grid as well as through the upcoming transmission networks in the near future. The State Power Department has so far identified number of hydro power project sites in the State which are at different stages of implementation.

2.0 Objectives

The present power scenario of the state is very poor. The state has no meaningful generation of its own. It entirely depends on the allocation from the Central Sector projects located in the NE region. In order to exploit the available renewable sources of energy, Govt. of Manipur is committed to encourage rapid development of hydro power in the State at the earliest possible. The key objective of the policy is as under:

- 2.1 To enhance the overall generation capacity of the state mainly Hydro power.
- 2.2 To contribute its share to the Nation's goal of achieving ideal thermal: hydro generation mix of 60:40 ratio.
- 2.3 To encourage the participation of Independent Power Producers/ private developers/ CPSUs/SPSUs by offering them best policy frame work and support.
- 2.4 To generate and provide employment opportunities to the people of Manipur.
- 2.5 To make power sector a major source of revenue to the State.
- 2.6 To secure long term financial benefits of the State.
- 2.7 To achieve development of the local areas by creation of Local Area Development Committee funded through hydro power projects.
- 2.8 To protect the rights of the local inhabitants for irrigation and drinking water requirement.
- 2.9 To address the problem of ecological imbalance and environmental degradation caused by implementation of the projects by adopting suitable remedial / mitigating measures.

In order to achieve some of the above objectives, the State Government had earlier notified a policy for developing non-conventional energy sources in 2006 which included policy for development of hydro energy up to 25 MW (SHPs). In view of the fast changing scenario of the Power sector and the guiding policies of the Central/State Government and requirement of meeting the ever increasing demand, the State Government felt necessary to have a policy frame work under a State Hydro Power Policy for the projects having capacities of above 5 MW. Thus, this Policy shall also cover the development of Hydro Power Projects having capacities above 5 MW and up to 25 MW in supersession of the Policy notified earlier vide Gazette Notification (Extra) No. 220 dated 12-09-2006.

3.0 Title and Enforcement

- 3.1 **This policy shall be known as "Manipur Hydro Power Policy 2012", hereinafter known as MHPP 2012.**
- 3.2 This policy will be effective from the date of its notification.
- 3.3 The Govt. of Manipur may modify this policy through amendments (if required). However, subject to such amendments, this policy remains valid for a period of 10 (ten) years. All projects awarded within this period under this policy will be governed by this policy for their entire duration of the project.

4.0 Scope and Coverage

- 4.1 The policy will be applicable for development of hydro-power projects having capacities above 5 MW and supersedes the relevant clauses of the policy framework for development

of renewable energy sources issued by the State Government vide Manipur Gazette Notification (Extraordinary) No. 220 dated 12-09-2006 for the hydro power projects having capacities between 5MW and 25 MW.

- 4.2 The policy covers aspects and process of inviting proposal in terms of Tender / Expression of Interest from prospective Developers, guidelines for its valuation, project approvals, award process and project implementation.
- 4.3 The policy will be applicable for new projects allocated after its notification.
- 4.4 The policy will be applicable for following categories of Developer(s) desirous to develop Hydro Power stations in the State.

- 4.4.1 National/International organizations.

- 4.4.2 Central/State Govt. undertakings.

- 4.4.3 Private Industries/institutions, partnership firms/consortium.

5.0 Nodal Agency

- 5.1 At present Electricity Department, Government of Manipur hereinafter referred to as EDM is responsible for development of hydro power projects having capacities more than 25 MW in the state.
- 5.2 Whereas, development of Small Hydro Power Projects (SHPs) having capacities up to 25 MW in the State are presently under the purview of MANIREDA.
- 5.3 Under MHPP-2012, EDM or its successor entity will be the Nodal Agency on behalf of Government of Manipur for notifying hydropower locations, inviting proposals, examining the techno-commercial feasibility of projects (under the purview of the State), its processing, conveying approvals of the competent State Government Authorities and other concerned departments, approving technical proposals and monitoring physical progress of the work for all the Hydro power projects having capacities more than 5 MW. The technical appraisal for the projects under the purview of Central Government will be done by the Central Electricity Authority (CEA) as per provision of Indian Electricity Act, 2003.
- 5.4 The approval for investment proposals for projects under the purview of State Government will be given by EDM and for projects under the purview of Central Government will be given by the concerned Ministries of Government of India.

6.0 Classification of Projects

Depending upon installed capacity, the hydro projects are classified as under :

- 6.1 Small Hydro projects with installed capacity up to 25 MW.
- 6.2 Medium hydro projects with installed capacity above 25MW and up to 100 MW and
- 6.3 Large hydro projects with installed capacity beyond 100 MW.

7.0 Allocation of Projects

- 7.1 All the identified potential project/sites shall be advertised through Notice Inviting Expression of Interest in various news papers for invitation of proposals from eligible

bidders as per the policy framework. The shortlisted developers will be eligible to bid for the projects covered in the EOI.

- 7.2 Interested parties can submit Bids for one or more projects. One Bid Document purchased shall hold good for submission of Bid only for the Project for which the bid document is purchased by the party. The Bids as well as the processing fee shall be submitted separately for each Project applied for.
- 7.3 The allotment of Hydro Projects in the State shall be done through Competitive Bidding route. The Project(s) shall be allocated to the eligible and qualified Bidder(s) who bid more free power over and above the minimum free power defined in the following clauses to the State Government.
- 7.4 In cases of above 5 MW and up to 25 MW projects, the State Government reserves the right to make an exception to the provision at 7.3 above and allocate such projects to CPSUs and SPSUs directly through the MoU route. The other provisions regarding premium, free power etc. shall remain applicable in such cases also.
- 7.5 Successful Bidders shall pay upfront charges to the EDM, Government of Manipur within the stipulated time. Fixed upfront money for each category of project is as defined below:-

Sl. No.	Capacity in MW	Fixed Upfront Premium per MW
1.	Up to 50 MW	Rs. 3.00 lakhs per MW
2.	50-100 MW	Rs. 3.00 lakhs per MW for the first 50 MW and Rs. 6.00 lakhs per MW for each additional MWs up to 100 MW.
3.	100 MW and above	Rs. 3.00 lakhs per MW for the first 50 MW and Rs. 6.00 lakhs per MW for each additional MWs up to 100 MW and Rs. 10.00 lakhs per MW for each additional MWs beyond 100 MW.

The Upfront money shall not form part of the Project cost in the DPR and Financial closure, which shall be borne by the developer(s)/ Generating Company(ies) separately.

- 7.6 The successful developer shall reimburse to the Electricity Department, Government of Manipur the amount, spent by the Department on survey & investigations and infrastructure works of the Project up to the date of signing of Implementing Agreement within six months of signing the IA.
- 7.7 Government of Manipur shall have right to accept or reject the offer considering the financial viability and other parameters at its discretion.

8.0 Bid Procedures

- 8.1 The interested developers will be shortlisted based on the EoI with specified Technical and Financial criteria for qualification. The shortlisted developers will be invited to participate in the Bidding Process for allocation of the project(s). Detailed Bid Documents shall be made available to all the shortlisted developers for submitting their bids along with specified requisite details specified therein.
- 8.2 The bids should be accompanied by a non-refundable fees @ Rs. 50,000/- (Rupees fifty thousand) only per MW subject to a maximum of Rs. 5.00 lacs (Rupees five lacs) per project applied for, which shall be retained by the EDM, GoM as processing charges. The processing fee shall not form part of the Project Cost in the DPR and financial closure, which shall be borne by the Developer out of the financial strength of the Company.
- 8.3 A letter of allotment shall be issued to the successful/selected Bidders asking them to execute an MoU with State Government. A sum equivalent to Indian Rupees of Rs.50,000 per MW of installed capacity only shall be required to be deposited by the successful Bidder as the security Deposit either through Banker's Cheque or the Bank Draft drawn in favour of State Government (to be specified in the Bid Document) on a scheduled Indian Bank located at Imphal.
- 8.4 Successful / Selected Bidders shall be required to deposit Upfront Premium at the rates specified as in Para 7.5 above:
The Upfront premium shall not form part of the Project Cost in the DPR and financial closure, which shall be borne by the Developer out of the financial strength of the Company. The Upfront premium shall be payable by the successful Bidders in three installments i.e. 50% of the amount at the time of signing MoU, 25% at the time of signing of IA and remaining 25% immediately after Financial Closure. In case of any breach of MoU or any part thereof, the Upfront premium deposited at the time of signing MoU shall be liable to be forfeited by the State Government.
- 8.5 Essential documents:
- 8.5.1 Clearances from the concerned State Government departments like (a) Forest (b) Irrigation & Flood Control (c) Public Health Engineering and (d) Revenue that the project site(s) is outside the wild life park, sanctuaries, park, zoos etc., do not infringe with the irrigation rights of the local inhabitants, do not infringe with the drinking water rights and transfer of land in Tribal areas under Land Acquisition Act, 1894 are to be obtained by the developer.
- 8.5.2 Developer shall give an undertaking to the State Fisheries Department that wherever feasible, rearing of fish shall be promoted in the Project area in consultation with the Fisheries Department at the time of final implementation of the Project.
- 8.5.3 Developer shall give an undertaking to the State Tourism Department that wherever feasible, tourism shall be promoted in the Project area on sustainable basis in consultation with the State Tourism Department at the time of final implementation of the Project.

8.5.4 As per the terms & conditions of the MoU, the developer shall be required to achieve the milestones and shall submit a DPR commensurate with the allotted site.

9.0 Policy Framework

9.1 Once approved, the developer will not be allowed to change its core structure including equity holding which should be a minimum of 51% and to transfer its right to other entity/ interested party till the completion of the project. However, in post completion period change in company structure may be considered with prior written approval from the Government of Manipur.

9.2 After allocation of site/ project, the developer need to sign an MoU / Pre- Implementation Agreement (PIA) /Implementation agreement (IA). The following milestones shall be achieved by the developer failing which consequential action as indicated will be taken by the State Government.

Sl. No.	Milestones	Timeline		Consequential action
		For Projects PFR is ready	For projects where the Feasibility is to be ascertained by the Developer	
i	ii	iii	iv	v
1.	Upfront Premium	50% at the time of signing of MoU, 25% at the time of signing IA and remaining 25% immediately after the time of Financial Closure.	50% at the time of signing of MoU, 25% at the time of signing IA and remaining 25% immediately after the time of Financial Closure.	
2.	Security Deposit	30 days from the date of signing the MoU.	30 days from the date of signing the MoU.	Cancellation of MoU
3.	A compendium giving details of hydrological data/observations	18 months from the date of signing the MoU.	18 months from the date of signing the MoU.	Cancellation of MoU and forfeiture of Security Deposit and Upfront premium.
4.	Topographical sheets prepared after conducting survey.	18 months from the date of signing the MoU.	18 months from the date of signing the MoU.	-do-
5.	A compendium giving details of Geological/ Geophysical observations.	18 months from the date of signing the MoU.	18 months from the date of signing the MoU.	-do-

i	ii	iii	iv	v
6.	Conveyance of Feasibility/Non-Feasibility report of the Project.		18 months from the date of signing the MoU.	-do-
7.	A report on the power evacuation arrangement envisaged by the developer.	18 months from the date of signing the MoU.	18 months from the date of signing the MoU.	-do-
8.	Submission of Detailed Project Report.	24 months (for projects up to 50 MW) or 30 months (for projects above 50 MW) from the date of signing of MoU.	30 months (for projects up to 50 MW) or 36 months (for projects above 50 MW) from the date of signing of MoU.	-do-
9.	Signing of Implementation Agreement with GoM.	36 months after the signing of MoU.	36 months (for projects up to 50 MW) or 42 months (for projects above 50 MW) from the date of signing of MoU..	Cancellation of allotment of the Project and forfeiture of Security Deposit and Upfront remium deposited.
10.	Submission of necessary inputs/proposals for obtaining TEC, Diversion of Forest land, Forest & Environmental clearance, Pollution Clearance and Acquisition of land by the developer to the State Government.	Within 8 months from the date of signing the IA.	Within 8 months from the date of signing the IA.	Termination of IA and forfeiture of Security Deposit and Upfront money.
11.	To obtain required sanctions/approvals / Clearances submitted to the Government as per 10. above.	Within 12 months from the date of submission of the proposal(s) by the developer.	Within 12 months from the date of submission of the proposal(s) by the developer.	Extension of prescribed period in the MoU subject to deposit of prescribed Extension Fee of Rs. 10,000 per month subject to a maximum of Rs. 50.00 lacs.

i	ii	iii	iv	v
12.	Achieving Financial Closure, signing of PPA, establishment of site office etc. and start of construction of the Project.	Within 24 months from the date of signing the IA or six months of obtaining the approvals/ Clearances mentioned at 11. above whichever is earlier.	Within 24 months from the date of signing the IA or six months of obtaining the approvals/ Clearances mentioned at 11. above whichever is earlier.	Termination of IA in case of the construction work on the Project is not started and forfeiture of Security Deposit and Upfront money.
13.	Project Commissioning Schedule (Schedule COD)	As per the a Techno-Economic Clearance of the DPR.	As per the Techno-Economic Clearance of the DPR.	Disincentive as per Clause stipulated in the IA.
14.	Handing over of the Project to the State Government free of cost.	40 years from the date of Commercial Operation of the project.	40 years from the date of Commercial Operation of the project.	Action as deemed fit by the State Government.

- In case the developer is unable to achieve Financial Closure within the time line specified above, the Company shall start construction work of the Project positively within the time limit specified above by investing from its equity component. The Financial Closure shall be concluded within six months of start of the construction work of the Project. As regards timelines, if the same are delayed due to force majeure conditions including law and order blockades etc, the State government can on an application by the developer, extend the timeline to the extent of disruption as assessed and decided by the competent authority. The decision of the government on this will be final.

- 9.3 The project will be allotted on the basis of tentative installed capacity as mentioned in the notice inviting Expression of Interest.
- 9.4 In case the capacity of awarded project increases / decreases by 20%, the award conditions will not change. But in case of higher deviation in declared capacity i.e. beyond 20%, the developer shall be required to sign fresh /revised IA with the Govt. of Manipur. In such all cases, the royalty, upfront premium and other charges shall be levied according to the approved norms of the Government for the revised Capacity.
- 9.5 The scope of work would include all aspects from concept to commissioning and operation thereafter, including inter-alia, survey & investigations, identification of transmission system for evacuation of power and preparation/ review of DPR. The

transmission system for evacuation of power shall form part of the project cost and it will be finalized in consultation with nodal agency.

- 9.6 The project developed by private developers on Build–Own–Operate–Transfer (BOOT) model would have a validity period of 40 years from the date of Commercial Operation of the project and the same should be reverted back to the Govt. of Manipur after the expiry of this time free of cost without any encumbrances.
- 9.7 After the expiry of the validity period mentioned in para 9.6 above, Government of Manipur would have the option of granting further extension for another period under a fresh mutually agreed terms and conditions between the State Government and the developer(s).
- 9.8 By virtue of its presence in the area, the developer company will have no right on other proposed / identified project sites in upstream and downstream of the water stream.
- 9.9 The developer shall provide minimum 10 % and 2.50 % of the total generated power minus power for auxiliary consumption as Free Power and for Local Area Development to the state as royalty in the first five years. For the next ten years, the equation shall be 12% and 3% respectively. While, these shall be 15% and 3% respectively in the remaining life of the Project. The developer has to provide the LADF for the affected villages due to the Project as social obligation and the distribution infrastructure required has to be developed by the project developer in consultation with the Electricity Department, Manipur/ Nodal agency.
- 9.10 Developer Company(ies) may implement stand alone hydro power projects having capacities more than 5 MW for their captive use as per the Electricity Act, 2003 and National Electricity Policy 2005(or any amendments thereof). For setting up of such projects, concurrence of the competent authority(ies) have to be obtained as per the procedures applicable from time to time. Royalty to the State Government in respect of Upfront Premium, Free Power, Local Area Development etc. shall be applicable for such projects also.
- 9.11 The developer company will meet all statutory rules and regulation likes labour laws, safety norms, environmental laws and all norms imposed by Central/State Government/ other local authorities from time to time.
- 9.12 The nodal agency or any other regulatory body of Central / State Govt. will have right to inspect the generating stations and its allied structures at reasonable interval and time to ensure security and safety of the installations. The regulating instructions in respect of operation of project as well as its security of the system will be binding on the operation company failing to which, the Govt. will have right to take over the project with due compensation to the developer.
- 9.13 In case of storage type projects, minimum quantity of water as decided by the State Govt. shall be released in the downstream even during lean discharge period and at the cost of generation.
- 9.14 In case of run of the river projects, the developer shall ensure minimum flow of 15% water immediately downstream of the diversion structure of the Project all the times including lean seasons.

- 9.15 In the event of stoppage of construction of the main project components by the developer(s) for a period of more than six months for reasons not covered under Force Majeure and for reasons attributable to the developer(s), the State Government after giving due opportunity to developer(s), shall have the right to terminate the Implementation Agreement. In such event, Performance Guarantee/ Security Deposit/ Upfront money shall stand forfeited and the site shall be reverted to the State Government without any compensation.
- 9.16 The Developer shall have the option for setting up the project under a Special Purpose Vehicle (SPV) as defined in the Electricity Rules under Electricity Act, 2003. However, it should have a minimum equity share holding of 51% in the SPV and its core structure should remain till the COD.
- 9.17 The Company/developer shall ensure to open its Corporate Office within the State of Manipur.
- 9.18 The developer(s) should carry out development of the Hydro Project(s) in the state so that these qualify for carbon credits at National/International levels. Sale of such equivalent Carbon Credits by the developer on account of development of these project(s) should be through competitive process amongst buyers, in order to derive maximum benefits. Such benefits accrued to the developer shall be treated as revenue from the project.
- 9.19 The Project assets should be maintained by the developer in such a way that it would ensure a residual life of the Project at the rated capacity for at least 35 years at any point of time. During the 10th, 20th, 30th and 35th years of operation, the Govt. of Manipur or its appointed agencies would carry out a mandatory inspection of the Project site to ensure that the project assets are maintained to the required standards to ensure the specified generation capability and residual life of the Project.

If such inspections find that the Project capacity or life is being undermined by inadequate maintenance, the GoM would be entitled to seek remedial measures from the developer(s). If the developer(s) fails to comply the requirement, the GoM would have the right to take over the commercial operation of the Project(s) and shall have the full right upon sale of power including the developer's share. The cost on account of suggestive remedial measures shall be deducted including the operation & maintenance cost for such a period till the Project's assets are restored to the desired standards to ensure the specified generation capability and residual life of the project(s) specified above. Thereafter, the Project(s) shall be handed over to the developer(s).

- 9.20 The developer shall be required to prepare Disaster Management Plan and its implementation taking into consideration the different flood eventualities, any kind of natural calamities at various stages of construction and operation of the Project and their mitigation measures. The developer shall include the same in the DPR to be submitted to the State Government.
- 9.21 The developer shall ensure to protect the water rights of the local inhabitants for drinking and irrigation purposes etc. by verifying the revenue entries and activities of Irrigation & Flood Control Department, PHED and Minor Irrigation Departments of Government

- of Manipur so as to ensure that such rights are not infringed upon. GoM shall have the right for withdrawal of water from the river course for consumptive use of pumping or by gravity for the purpose of potable water supply and irrigation to the affected villagers.
- 9.22 The developer shall liaise with the State Fisheries Department that wherever feasible, rearing of fish shall be promoted by the developer in the Project area at the time of final implementation of the Project.
- 9.23 The developer has to make provision for providing Fish Ladder or Fish Passage, wherever possible in the construction of dam across the river(s) for allowing migratory fishes for their natural movement (migration) so as to conserve their natural fauna within the project areas.
- 9.24 The developer shall make suitable financial provisions for mitigation of adverse impacts as per the approved EIA Plan, Environment management Plan and mitigation of degradation of environment due to disturbance of eco-system in watershed area, at the cost of the Project.
- 9.25 The developer may avail all the subsidies given by the Government of India for hydro power projects particularly for the projects having capacities more than 5 MW and up to 25 MW.
- 9.26 The developer(s) shall ensure that procurement of all major equipments of the project shall be made through competitive bidding route only.
- 9.27 Any disputes arising at any time between the parties out of the MoU/PIA/IA or interpretation thereof shall be endeavored to be resolved by the parties hereto by mutual negotiations, failing which the matter shall be referred to the Arbitrator to be appointed as per the provisions of the Arbitration & Conciliation Act, 1996. However, all disputes shall be settled within the jurisdiction of Courts in Manipur.
- 9.28 The Government of Manipur reserves the right of equity participation up to 49% on selective basis.
- 9.29 The developer will be permitted to withdraw from the Project after the conveyance of non-feasibility of the Project, if the State Government is satisfied that the developer has sufficient reasons to establish that the Project is not techno-economically viable, without any liability on the Government of Manipur for the expenditure incurred by the developer. The Security deposited at the time of signing MoU shall be refunded without interest. 50% of the Upfront premium shall also be refunded without interest.

10.0 Land

- 10.1 Once the project is awarded to developer, the State Government shall acquire the required land at the cost of the developer. EDM will extend all possible help in coordinating with other State Govt. departments also.
- 10.2 In case, the required land or part of it is State khas land, such State khas land shall be allotted to the developer by the State Government under the provisions of Manipur Land Revenue & Land Reforms Act, 1960 and Manipur Land Revenue & Land Reforms (Allotment of Land) Rules, 1962 and the developer shall pay such premium as may fixed by the State Government.

- 10.3 State Government may also lease such State khas land within the required area on long term basis required for permanent works of the Project at the rates fixed by the State Revenue Department.
- 10.4 State Government may also lease such khas land within the required area on short term basis required for temporary works of the project at the rates fixed by the State revenue Department.
- 10.5 The developer may also acquire on long term lease/ purchase directly from the owners through direct negotiation in accordance with law.

11.0 Roads & Bridges

Developer(s) shall be liable to develop infrastructures like roads, bridges, culverts etc. within 10 kms from the project site(s) viz. Dam/ Barrage / Power House, if the same are not available, at their own cost. Similar infrastructure up to that periphery may be made available by the State Government.

12.0 Construction Power

State Government shall provide adequate construction power for the project(s) at the cost of the developer(s). However, since the State Government cannot commit to ensure un-interrupted power supply, the developer(s) also make its own arrangements for standby power supply during the period of shut down/ power failure for the smooth execution of the works of the project(s).

13.0 Rehabilitation & Resettlement

- 13.1 The developer in consultation with the State Government shall prepare a Rehabilitation & Resettlement Plan for the Project within the GoI guidelines/ framework and bear the cost. The plan shall be implemented by the State Government.
- 13.2 The developer shall provide employment to one member of each of the displaced families if any as a result of the acquisition of land for the project. During the operation and maintenance stage also, the developer shall give preference to the members of displaced families in employment.

14.0 Employment

- 14.1 The developer(s) shall provide 50% of the manpower requirement of the project(s) in respect of unskilled/skilled and other executives/non-executives as may be required for execution, operation and maintenance of the project(s) to the eligible bonafide local residents /Manipuris whose names are registered on live register of any Employment Exchange located in the State of Manipur. However, the first preference shall be given to the outstees, if any, due to the project. If the outstees are on the live register, their cases will be sponsored on preferential basis and if not, they may be advised to get their names registered with Employment Exchanges in the State of Manipur.
- 14.2 In case of non-availability of the skilled manpower having requisite qualification and experience at various levels, non-availability certificate have to be obtained from the Director of Employment/ Labour Commissioner of the Government of Manipur.

- 14.3 The developer(s) shall ensure that the contractors/ sub- contractors engaged by them for the project(s) gives employment to the eligible local residents/ Manipuris for appointment as supervisors, workmen and labours/workers in the project(s).
- 14.4 Small contracts of the road works, retaining walls, buildings construction, carriage of construction materials like sand, aggregate, cement, steel etc., engagement of all categories of other service providers, taxis for staff deployed to the sites, engagement of other light and heavy vehicles, running of canteens/mess, engagement of security personnel through ex-servicemen shall normally be awarded to the local residents within the State. Preference in this should be given to the affected families.
- 14.5 The Developer shall also provide training programme to the locals affected by the Project so that they are in a position to get employment for various technical/administrative jobs in the Project.

15.0 Restoration of Existing Facilities

15.1 In case any existing facilities such as irrigation, water supplies, roads, bridges, culverts, buildings, communication systems, power systems etc are adversely affected because of the implementation of the project(s), the cost of replacement thereof or of the remedial measures, as the case may be, shall be loaded to the Project. Such facilities shall be mutually identified and listed. The developer(s) shall not interfere with any of the existing facilities, till alternative facilities are created for its replacement.

16.0 Taxes & Duties

- 16.1 As there is no law on levy of Entry Tax in the State, all Entry Tax on power generation and transmission equipments meant for the project are deemed to be exempted from such Tax.
- 16.2 All other taxes and duties as applicable from time to time by State Government / local bodies shall be paid by the developer(s).

17.0 Tariff

- 17.1 The tariff for sale of energy from the project shall be decided by Joint Electricity Regulatory Commission Manipur-Mizoram/ CERC as per the Central Government policies/rules. In case any government subsidy is provided in development of project, such component of project cost shall be excluded for determination of tariff.
- 17.2 In case of sale of energy to any particular bulk consumer or the definite group of people /cooperative/society (having load requirement of 1MW and above) the mutually agreed tariff rate between the developer company and consumer unit shall be allowed.

18.0 Sale of Power

- 18.1 A separate Power Purchase Agreement in this respect shall be signed by the developer and Electricity Department, Manipur/Distribution Company as per provisions contained in Electricity Act, 2003 and subsequent/ notifications issued by CERC/ JERC, Manipur & Mizoram from time to time.
- 18.2 For all Hydro power projects, the EDM shall contract to take off minimum 60% of the total power after meeting the Free Power and Local Area Development components for sale at the rate notified by Regulatory Commission. The Developer will have the option to sell the remaining 40% of the total power to any HT consumer in any manner they

like in accordance with the provisions contained in Electricity Act, 2003 and subsequent notifications issued by CERC/JERC, Manipur & Mizoram from time to time.

19.0 Wheeling Charges

- 19.1 The infrastructure and facilities of the Electricity Department, Manipur/DISCOMs, as may be available, will be made available to all developers for wheeling the generated power on chargeable basis.
- 19.2 Wheeling charges for wheeling the generated energy to bulk purchase/third party consumers inside or outside the State will be as determined by the JERC, Manipur & Mizoram.
- 19.3 No wheeling charges are applicable in cases of sales to the Electricity Department / concerned State utility.

20.0 Transmission of Power

- 20.1 The detailed project for power evacuation system will be indicated in the DPR and the total evacuation system shall either be constructed by the developer company at its own cost or it may be developed by the EDM/ concerned Transmission Company of the area on its behalf on deposit basis.
- 20.2 EDM will determine the specifications of the evacuation facilities required, including the interconnection point and voltage and the same would be specified in the project information document (PFR/DPR).
- 20.3 Construction and maintenance of transmission facilities up to the nearest interconnection point as directed by the EDM shall be such that interfacing with the State grid is done as per the latter's specifications & requirement/Indian Electricity Grid Code/ State Grid Code as applicable and amended from time to time at the cost of the developer(s).
- 20.4 While formulating future Transmission Network Plan of the state, State Government in co-ordination with Central Transmission Utility (CTU) shall try to cover the Generation sites to the possible extent so as to minimize the evacuation issues from these Hydroelectric projects.
- 20.5 State Government shall encourage investment in transmission sector to meet the above objectives.

21.0 Despatching

- 21.1 A fully fledged State Load Despatch Centre (SLDC) is yet to be established in Manipur. Process is under way to have an efficient and well equipped centre in the State within 2-3 years. The Electricity Act, 2003 provides that load despatch and system operation functions shall be performed by an entity within the frame work of STU.
- 21.2 State Government shall ensure that the proposed SLDC remains an integral part of the STU at least up to the period of the next ten years and also ensure optimum scheduling and dispatch of all the generating stations.
- 21.3 In order to promote use of renewable sources, priority will be accorded for hydro projects over other source of energy during preparation of generation schedule. This point will be ensured by State Load Despatch Centre.

22.0 Incentive

22.1 In case the Commercial Operation of the Project (COD) is achieved prior to the Scheduled Commercial operation date, revenue equivalent to free power up to the Scheduled COD shall be exempted.

23.0 Disincentive

23.1 In the event that the Commercial Operation Date of the Project is delayed beyond the Scheduled Commercial Operation Date, revenue equivalent to free power for the period of delay shall be charged to the developer.

24.0 Time Limit for Execution of the Project

24.1 The developer shall make necessary applications for obtaining the statutory clearances of the project and approvals of the concerned authorities. It shall be responsible for completeness of all submissions within 8 months from the date of signing the IA or any other period as deemed fit by the GOM. Failure to do so within the stipulated time frame shall be treated as non-compliance with requirement stipulated in this paragraph.

24.2 Government of Manipur shall take a decision on recommendation of the DPR/application within 3 months from its submission. The developer shall enter into an implementation agreement with the Electricity Department, Manipur within one month from the date of approval of the project or three months from issue of letter of intent or milestone specified in 9.2 above as the case may be.

24.3 The developer shall achieve the financial closure within 6 months from the date of receipt of all statutory approvals and clearances given by the State and Central Governments or 24 months of signing of the Implementation Agreement whichever is earlier. Financial closure would imply firm commitment for financing the entire project, with all pre disbursement conditions having been fulfilled and the loan documentation being complete.

24.4 The project should be made operational within 30 to 66 months (depending on the capacity of the project and as specified in the IA) from the date of financial closure.

24.5 The failure to reach the milestone mentioned 24.1 above will result in automatic cancellation of the allotment of the site and forfeiture of upfront premium amounts. No compensation would be payable to the developer society in such instance.

24.6 The failure to reach to milestone as in 9.2 and other relevant paras above would result in a liability to pay penalty by the developer to the GOM, computed at the equivalent royalty revenue that would have been payable to the GOM had the project met the milestone.

25.0 Local Area Development Committee

25.1 The Government shall constitute a Local Area Development Committee (LADC) for each project being implemented. The Deputy Commissioner concerned shall be the Chairman of the LADC and other members shall be nominated by the State Government which will include the representatives of the developer of the project(s) also. Concerned SDO/SDM shall be the Member secretary. The Deputy Commissioner may co-opt any other member as he deems fit. The LADC will be entrusted with, but not limited to, the

following activities in the Project affected Areas, which are those areas/ villages surrounding/falling in the catchment /watershed areas extending from the Reservoir to the Tail Race of the Project:-

- (i) Oversee the restoration of facilities adversely affected due to the implementation of the project.
- (ii) Oversee the implementation of Rehabilitation and Resettlement Plan.
- (iii) Oversee the implementation of Catchment Area Treatment (CAT) Plan and Compensatory Afforestation.
- (iv) Local Development activities related to development of Agriculture, Horticulture, Animal Husbandry, Fisheries, Rural Development, Health, Forest, Education, PWD, Power, Tourism, Irrigation and other Social Religious and Cultural activities etc.

25.2 However, PWD/other roads leading to the Project areas shall not form part of LADC activities. 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 the final cost of the Project. The LADC activities shall be financed from the above provision and not from the free power received as royalty.

26.0 Due Diligences

The developer shall be responsible for carrying out due diligence with regard to his compliance responsibilities under various applicable Central/State/other laws, rules and regulations and ensure compliance with the same.

27.0 Overriding Condition

27.1 Government of Manipur reserves the right to withdraw award of project/stop operation of project in case the pattern of use of water changes in the locality due to municipal/irrigational/environmental reasons etc.

27.2 The State Government shall not be responsible in any manner for the losses arising out of the force majeure situation such as earth quake, flood, fire, external invasion, civil commotion, land slide etc. and no claim on such accounts by the developers shall be entertained by the State Government.

27.3 The Government or its authorized representative will have right to inspect the power stations to ensure implementation of statutory norms like labour rules/safety/operation norms etc.

27.4 The project developer will have no right for consumptive use of water unless it is specifically mentioned in the contract or separately allowed by competent authority.

28.0 Law & Order and Security

28.1 Law & Order being a state subject, State Government shall be responsible for security outside the Project(s) area during the implementation/operation of the project(s). State Government may also provide security during execution and operation of the project (s) within the project area(s) and all operational expenses in this regard as estimated by the State Government shall be borne by the developer.

28.2 State Government may declare the Project area(s) as “Prohibited Area(s)” to facilitate construction of the project(s).

29.0 General Condition

- 29.1 This policy supersedes all the guidelines/instructions if any issued earlier in this regard.
- 29.2 The developer shall keep the State Government informed from time to time, of any increase/decrease in the construction cost of the Project.
- 29.3 Notwithstanding anything contained in the forgoing sections the Government of Manipur reserves the right to modify/amend/relax/issue clarifications in this policy guideline. The interpretation by Govt. of Manipur on any clause/matter contained in this policy documents shall be final and binding on all parties concerned.

This issues with the approval of State Cabinet on 18.10.2012.

By orders and in the name of the Governor of Manipur,

RAJESH AGRAWAL,
Commissioner (Power), Government of Manipur