

GOVERNMENT OF HIMACHAL PRADESH
DEPARTMENT OF MPP & POWER

NOTIFICATION

No. MPP (F)-2/2005-X

Dated: Shimla-02, the

15-05-2018

The Governor, Himachal Pradesh is pleased to notify the following amendments/provisions in the Hydro Power Policy, 2006 and its amendments issued from time to time:-

(A) Amendments to the existing provisions of Hydro Power Policy, 2006

Chairman

Member

Secretary

ED (Tech)

ED (Tariff)

1. Free Power Royalty

The provisions as contained in Hydro Power Policy, 2006 at Sr. No. 3.1 (v) of Chapter-IV and Sr. No. (xxx) of Chapter-V and subsequent amendments issued from time to time, are amended to the following extent:

i. In case of already allotted (but not commissioned) Projects:

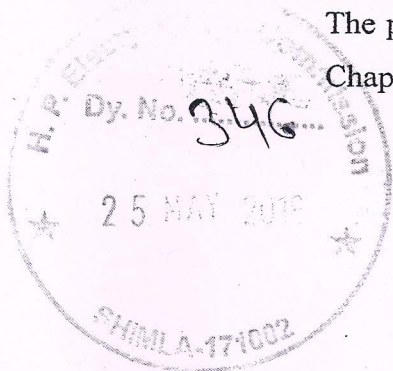
The free power quantum to be received on account of free power share of the State will be deferred for the critical period of initial 12 years from the date of achieving Scheduled Commercial Operation Date (SCOD) or Commercial Operation Date (COD) whichever is earlier. The quantum to be deferred shall 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. The Project developers shall be liable to sign revised Pre Implementation Agreements/Implementation Agreements/Supplementary Implementation Agreements as the case may be.

ii. 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.

2. Mandatory Purchase of Power by DISCOM

The provisions as contained in Hydro Power Policy, 2006 at Sr. No. 3.1(i) of Chapter-IV and subsequent amendments issued from time to time, is amended



to the extent that the entire power generated from the projects having capacity upto 10 MW will mandatorily be purchased by HPSEBL at the HPERC determined tariff. The same shall be applicable to the projects which shall be commissioned after this notification.

3. Exemption in Open Access Charges

The provisions as contained in Hydro Power Policy, 2006 at Sr. No. 3.1(ii) of Chapter-IV and subsequent amendments issued from time to time is amended to the extent and for Projects above 5 MW and upto 25 MW is added as Sr. No. (xxxix) under Chapter-V that 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.

(B) Amendments in the Hydro Power Policy, 2006 by adding new Clause/provision

1. Tariff Determination

A new provision is incorporated under Chapter-IV at Sr. No. 3.1 (xi) and Chapter-V at Sr. No. (xL) of the Hydro Power Policy, 2006 that 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. However, this condition shall be applicable only if Project is completed within the stipulated time period as approved in Technical Concurrence (TC) after achieving the zero date except force majeure conditions or reasons not attributable to the developers.

2. Allocation of projects for Captive use

A new provision is incorporated under Chapter-IV at Sr. No. 3.1 (xii) and Chapter-V at Sr. No. (xLi) of the Hydro Power Policy, 2006 that 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 after assessing the capabilities of the applicant Company on MOU route on the similar terms & conditions as per the prevailing hydro power policy for allotment and in accordance with the power requirement of the industrial units already set up or to be set up subject to fulfillment of all the legal, regulatory and procedural requirements.

(C) 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.

By order

(TARUN KAPOOR)
Additional Chief Secretary (MPP & Power)
to the Government of Himachal Pradesh.


Endst. No.MPP (F)-2/2005-X

Dated: Shimla-02, the

15-05-2018

Copy forwarded to the following for information and necessary action:-

1. The Secretary to Governor, Himachal Pradesh, Shimla-171002.
2. The Principal Secretary to Hon'ble Chief Minister, Himachal Pradesh, Shimla-171002.
3. All Administrative Secretaries to the Government of Himachal Pradesh, Shimla-171002.
4. The Under Secretary (GAD), HP Secretariat Shimla-171002 w.r.t. Cabinet Memorandum Item No. 9 dated 08.05.2018.
5. The Secretary, HPERC, Kasumpti, Shimla-171009.
6. The Chairman-cum-Managing Director, M/s Satluj Jal Vidyut Nigam Limited, Shakti Sadan, Corporate Office Complex, Shanan, Shimla - 171006.
7. The Chairman-cum-Managing Director, M/s National Hydroelectric Power Corporation Limited Faridabad.
8. The Chairman-cum-Managing Director, M/s National Thermal Power Corporation Limited, New Delhi.
9. The Director, Directorate of Energy, GoHP, Shanti Bhawan, Phase-III, Sector-VI. New Shimla-171009.
10. The Managing Director, HPSEB Limited, Vidyut Bhawan, Shimla-171004.
11. The Managing Director, HPPCL, Himfed Building, BCS, Shimla-171009.
12. The Managing Director, HPPTCL, Himfed Bhawan, Panjari, Tutikandi, Shimla-171005.
13. The Chief Executive Officer, Himurja, SDA Complex, Kasumpti, Shimla-171009.
14. The Special Secretary (NES), to the GoHP, Shimla-171002.
15. All the Deputy Commissioner in Himachal Pradesh.
16. The Controller, Printing & Stationery, Himachal Pradesh, Shimla-171005 for publication of the notification in the Rajpatra.
17. Guard file.


(Dr. Ajay Sharma)
Special Secretary (MPP & Power) to the
Government of Himachal Pradesh.

HYDRO POWER POLICY 2006

PREAMBLE:-

The main objectives of the Hydro-power Policy, 2006 are: development of Himachal Pradesh as a "Hydro Power State" of the country, to provide an affordable, reliable and quality power to the consumers round the clock, throughout the year, create avenues for employment to the residents of Himachal Pradesh in the Power Projects and at the same time mitigate the Social, Economic and Environmental impact. The Policy also takes care of the various stipulates of the Electricity Act, 2003 which seeks to promote competition, protect the interest of the consumers, tariff rationalization, removal of subsidies, strengthening the regulatory institutions and providing indiscriminate open access to different users.

The principal Objectives of the Hydro-Power Policy are:

- To speed up the Power Development in the State and achieve capacity addition.
- To generate and provide employment opportunities to the people of the Himachal Pradesh.
- To make Power sector a major source of revenue to the State.
- To secure long term financial interests of the State.
- To achieve financial turnaround and commercial viability of Power Sector.
- To develop local area by creation of Local Area Development Committee financed through Power Projects.
- To establish and promote Power trading entity in the State.
- To provide indiscriminate access of the electricity to all the households in the State in the immediate near future and to protect the interest of consumers.
- To make available reliable, regular and quality Power on demand at affordable rates in the immediate near future.

- To protect the rights of the local inhabitants for irrigation and drinking water requirement.
- To address the problem of ecological imbalance and environmental degradation caused by implementation of the Projects by adopting suitable remedial/mitigating measures.
- To promote & provide continued support for development of renewable energy sources like SHPs, Solar, Biomass, Water Mills etc;

The features of the Power Policy are enumerated as under:-

Why Small Hydro Power and other Renewable Energy Sources?

- Reliable, eco-friendly, mature and proven technology.
- More suited for the sensitive mountain ecology.
- Can be exploited wherever sufficient water flows - along small streams, medium to small rivers.
- Does not involve setting up of large dams or problems of deforestation, submergence or rehabilitation.
- Non-polluting, entails no waste or production of toxic gases, environment friendly.
- Small capital investment and short gestation period.
- Minimal transmission losses.
- With careful planning and adoption of simplified and standardized designs, SHP installations are becoming increasingly competitive with thermal, diesel or gas based power generation.

HIMACHAL BECKONS YOU

- Small Hydro Power potential of more than 2000 MW in Himachal Pradesh.
- An attractive package of incentives.
- Overwhelming response in the previous phases.
- Ever increasing demand of power in the North India.
- Easy access by road/train/air.

- Well developed road network within the State and easy accessibility to the sites.
- Peaceful industrial climate -Excellent rapport between workforce and industry. Cooperative labour pool/workforce.
- A salubrious climate.
- Well knit communication network with FAX/ STD/ISD facilities available in all the corners of the State.
- An extensive network of high/medium/low tension lines enabling easy connectivity to grid.

(SMALL HYDRO AND OTHER RENEWABLE SOURCES OF ENERGY)

GENERAL

The Government of Himachal Pradesh has been laying the desired thrust for encouraging generation of power through renewable energy sources as well as the SHPs including and up to a capacity of 5 MW through an agency called "HIMURJA". Total Hydro potential aggregating 25000 MW exists in Himachal Pradesh. The decision of the Government of Himachal Pradesh to harness and effectively utilize the other renewable sources of energy has been promoted by the following facts:-

- (i) Speedy exploitation of these natural resources in the State will provide cheap, renewable and reliable power to the people of the Pradesh specially those living in the remote hinterlands,
- (ii) The quality of power especially in rural and tribal areas through generation from small hydro and other renewable energy Projects will be considerably improved;
- (iii) The environmental degradation can be considerably checked by development of the Small HEPs which are eco-friendly;
- (iv) Minimum rural energy needs through sustainable energy programme get Supplemented;
- (v) Decentralized energy supply for households, agriculture, industry and commercial purposes in the remote and tribal areas will be adequately supplemented;

(vi) Conducive conditions for involvement of Private Investors in the Small Hydro and renewable energy Projects will be created,

(vii) Direct and indirect employment opportunities for the youth in appropriate renewable energy Projects in the state will be created through their Implementation;

(viii) In addition to the above, it is felt that the Government of Himachal Pradesh is already spending substantial amount, particularly in the remote areas, in the supply and procurement of fuel and other sources of energy such as coal, kerosene, fuel wood at a heavy cost of material and transportation to the State exchequer. It also depletes the forest resource to meet with the fuel requirements of the people, especially in the remote locations and tribal areas.

The subsidies being provided by the Department of Civil Supplies and Forests etc. shall be gradually phased out and corresponding amount shall be provided as subsidy to the consumers for the procurement of such gadgets of Non-conventional Energy Sources at affordable prices by the State Government upto 50% of the cost. The State Government shall also avail the incentives being provided by the Ministry OF New and Renewable Energy, the Government of India to harness other energy alternatives like solar, wind, biomass, agro-residue etc.

(ix) In Himachal Pradesh, electricity is generated mainly from Hydroelectric Projects which help in reduction of emission of "Greenhouse Gases". The developer should carry out development of the Project(s) so that these qualify for carbon credits at the National / International levels. Sale of such equivalent carbon credits by the developer on account of development of Project(s) should be through competitive process amongst buyers, in order to derive the maximum benefits.