

No.6-34/99-Coop(C&M)
DIRECTORATE OF COOPERATION
HIMACHAL PRADESH

To

All the Assistant Registrar
Co-operative Societies in H.P.

Dated Shimla-9, the 30th January, 2006

Subject:- **Approval of policy guidelines of small Hydro electric Projects upto 5 MW.**

Sir,

Please find enclosed herewith a photocopy of letter received from Principal Secretary (NES) to the Govt. of Himachal Pradesh on the subject cited above and to say that you may direct concerned societies to implement the above power policy of small Hydroelectric Projects as approved by the govt. and action taken report may please be sent to this office immediately.

Registrar Co-operative Societies
Himachal Pradesh

Endst.No. No.6-34/99-Coop(C&M)

Dated Shimla-9, the 30th January, 2006

Copy to:-

1. Additional Registrar Co-operative Societies Dharamshala
2. Dy. Registrar Co-operative Societies Mandi and Shimla
3. Addl. Registrar Co-operative Societies (Admn.) Directorate of Cooperation, H.P.
4. Additional Registrar (Moni.) Co-operative Societies , Directorate of Cooperation, H.P.
5. Joint Registrar Co-operative Societies (Credit) Directorate of Cooperation, H.P.
6. Dy Registrar Co-operative Societies (Consumer) Directorate of Cooperation, H.P. for information please.

Registrar Co-operative Societies
Himachal Pradesh

No.NES F(1)1/2005
Deptt. of Non-Conventional Energy Sources
Govt. of Himachal Pradesh

To

The Principal Secretary (NES) to the
Govt. of Himachal Pradesh.

The Chief Executive Officer,
Himurja, Urja Bhawan, SDA Complex,
Kasumpti, Shimla-9.

Dated Shimla-2, the 19th December, 2005

Subject:- **Approval of policy guidelines of small Hydro electric Projects upto 5 MW.**

Sir,

I am directed to say that the Govt. has approved the following policy guidelines of the power policy of small Hydroelectric Projects having installed capacity upto 5 MW being executed through Himurja:-

- (1) Projects upto 5 MW are to be handled by HIMURJA as heretobefore. Such HEPs shall fall under the following categories:-
 - (i) Projects identified by IPPs as self identified projects.
 - (ii) Projects identified by HIMURJA.
- (2) All the future projects upto 5 MW shall be entertained by HIMURJA on self identified basis in addition to the projects identified by HIMURJA.
- (3) Small Hydroelectric Projects upto 2 MW capacity shall be exclusively reserved for the bonafide Himachalies and for Co-operative Societies Comprising of bonafide Himachalies. While allotting such projects upto 5 MW preference will be given to the person of the area, or the Distt. not more than 3 projects shall be allotted for implementation to an IPP while giving them such a preference, if they are developing the projects in one cascade same number of projects may be replicated in other streams as well.
- (4) The applications shall be invited annually by HIMURJA for the new projects which will be scrutinized and approved by the Govt. on calendar year basis. Such applications shall be submitted to HIMURJA first.
- (5) From the effective date of receiving the applications, a simple letter of authorization to undertake further steps shall be issued by HIMURJA on first come first served basis.
- (6) The up-front premium for SHPs upto 5 MW shall be charged in the following manner.

- (i) Rs. 25,000 per MW upto 2 MW with the ceiling of Rs.40,000.
 - (ii) For projects above 2MW and upto 5 MW, rate of up-front premium shall be Rs.45,000 per MW with the ceiling of Rs.75,000.
- (7) Royalty in the shape of fee power upto 12 years will be free and beyond 13 years it will be at 12% upto 30 years and beyond that @18%.
- (8) The applications should contain the following reports to be furnished to HIMURJA by the IPPs within a period of 4 months.
- (9) A letter from Wild Life Department of the State Govt. stating that the project are is outside the Wild life parks, Sanctuaries and Zoos.
- (10) Approval under the 'Regulation of Transfer (land) Act' in Tribal areas shall be obtained by the IPPs.
- (11) Consent from the Gram Panchayat shall be obtained by the IPP.
- (12) A letter from the I&PH and Revenue Department stating that he proposed project(s) does not infringe with the drinking and irrigation rights of the local inhabitants and of the ownership of traditional water mills i.e. Gharats. The projects may be debarred from allotment which infringe with the traditional drinking, irrigation rights of the people and the ownership of Gharats. However, the IPP may identify sites upstream/ downstream in such cases.
- (13) The letter from the concerned departments of the Wild Life, I&PHH and Revenue should be signed by officers not below the rank of Range Officer (Wild Life), Tehsildar/ Naib Tehsildar and A.E.
- (14) The IPP shall give an undertaking to the Fisheries Department of the local area that wherever feasible, rearing of fish shall be promoted by the IPP in consultation with the Fisheries Department in the project area at the time of final implementation of the project.
- (15) In case of bonafide Himachali Promoter Directors/ Co-operatives, a proof thereof shall be furnished to the HIMURJA/Govt.
- (16) The IPP shall submit the Pre-feasibility Reports (PFR) alongwith the above mentioned reports.
- (17) The IPP shall submit the DPR within a period of 23 months from the date of allotment. The letter of the allotment shall be devised by HIMURJA for achieving various benchmarks and submission of DPRs.
- (18) After the financial closure, the developers shall submit a copy of the document submitted to the financial institutions/ Banks alongwith a copy of the loan sanctioned to HIMURJA which will scrutinize the names of promoters/ Directors vis-à-vis such names which were there in the DPR.
- (19) Those IPPs who have not yet signed the IA shall sign the same according to the New Policy Guidelines. However, in such cases where MOUs/IAs have been signed according to the old clauses, government may not alter the original clauses, but the supplementary IA shall have to be signed to ensure the inclusion of new policy related clauses and guidelines.

- (20) The Govt. of Himachal Pradesh shall sign the Implementation Agreement (IA) with the Developer within a period of 30 months from the date of allotment of the project.
- (21) The IPPs shall be required to obtain all statutory/ non-statutory clearances necessary for the implementation of the project(s) and commence the construction work within the time frame specified in the agreement failing which the agreement shall stand cancelled automatically.
- (22) The IPPs shall carry out the Environmental Impact Assessment (EIA) studies. The Developer shall be required to strictly adhere to the stipulation put by the authorities while issuing forest, wildlife, environmental and aquatic life clearances etc.
- (23) The minimum flow/ releases of water as specified in the environment/ other statutory clearance will be ensured during the life of the project.
- (24) The provisions under 'The Regulations of Transfer (Land) Act' shall be adhered to.
- (25) Land, whether private or Govt. except for permanent structures relating to the project such as water conductor system, power houses building, switchyard area etc. shall be taken only on lease basis at the rates approved by the Govt. for the agreement period. The Government shall acquire the land of the permanent structures by invoking the compulsory clause under the Land Acquisition Act. 1984 in order to expedite the execution of projects.
- (26) The Government may consider the request of IPP for changing the name of company or consortium subject to the condition that the IPP shall retain the controlling interest i.e. 51% equity in the new entity.
- (27) The IPP whom the projects are allotted by the Govt. shall be permitted to transfer the project further to any other IPP/ turnkey contractor, subject to the payment of Rs.15.00 lac per MW as one time offer to allow the change of name and ownership of the company.
- (28) Vide letter dated 21st April, 2005 the Govt. has issued the instructions regarding reservation of Small Hydroelectric Projects to bonafide Himachalies. After issue of this letter if some of the IPPs have revised DPRs to enhance the capacity of projects above 2 MW with intention to overcome the prescribed limit, their cases shall be rejected forthwith.
- (29) The IPP 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.
- (30) The IPPs will be compulsorily required to provide mandatory employment related information to the Labour Department of the H.P. government on the lines of instructions issued by the Govt. in this regard within one month of signing of the IA and thereafter on monthly basis.
- (31) The Electricity Act, 2003 and Electricity Policy of 2005 provides for "License Fee generation and distribution of rural areas, open access in Distributing System, stand alone system/ Non-Conventional/ Renewable Resources for generation and distribution. Distribution license would be free to undertake generation and generating company would be free to undertake distribution and more importantly thrust has been

laid to complete rural electrification and provide for management of rural distribution by Panchayats, Co-operative Societies, Non-Governmental Organizations, franchisees etc. The IPP can take the benefit of such schemes.

- (32) Realizing the necessity of extension of electricity to un-electrified villages and households and also providing reliable, uninterrupted and quality power to rural consumers, the GOI has recently notified "Rajiv Gandhi Grameen Vidyutikaran Yojna". The scheme provides for capital subsidy to undertake rural electrification works and also includes provision for distribution transformer of appropriate capacity in electrified villages/ habitations. The IPPs can also take the benefit of the scheme.
- (33) The IPPs shall submit the draft PPA to the HPERC for approval. The IPs will sell the power to HPSEB @ Rs.2.50 per unit as per the already approved Policy of Govt.
- (34) Any dispute arising out of the agreements between the parties shall be referred to the sole Arbitrator to be appointed by the Government.
- (35) HIMURJA had returned the applications received from 196 projects (from 1.1.2004 to 30.4.2004 – 78, from 1.7.2004 to 31.12.2004 – 101 and from 1.1.2005 to 31.5.2005 – 17) alongwith earnest money, pending the finalization of the policy for Small Hydro Projects. Now, these applications shall be processed under this new policy, HIMURJA may intimate all such IPPs to take part in the process as per the stipulation prescribed under the new policy. However, they may compete with others and shall not claim any preference of first come first serve basis on the plea that they had submitted their applications earlier.
- (36) While protecting the ownership and user rights of existing Water Mills, Govt. of H.P. shall encourage the up-gradation of existing Water Mills and installation of new Water Mills both for mechanical and electrical applications by the bonafide Himachalies. For this purpose, Govt. of H.P. shall provide technical and financial assistance, besides availing the corresponding subsidies/ incentives notified by MNES. The beneficiaries shall include bonafide Himachalies of the area because they were well conversant with the local terrain, topography and other socio-economic conditions of the people. First preference shall be given only to owners of sites of such traditional Gharats, then village, then district, then the rest. Owners of the existing Water Mills who are willing to install new Water Mills at the potential sites shall have to obtain approval from the competent authorities as per the requirement of the scheme. In case of Water Mills providing the electrical and mechanical output, the power so generated shall be utilized by the owner for his own captive use or otherwise as permitted by the law. The IPP for applying for the projects falling in this category shall be same as enumerated in foregoing paras.

You are therefore, requested to please implement the above Power Policy of Small Hydro electric Projects as approved by the Govt. and action taken report may please be sent to this Dept. immediately.

Yours faithfully,

Principal Secretary (NES) to the

Govt. of Himachal Pradesh

Endst.No. No.NES F(1)1/2005

19th December, 2005

Copy forwarded to the following:-

1. The Chairman, H.P. State Electricity Board, Vidyut Bhawan, Shimla-4 for information and taking further necessary action in the matter.
2. The Secretary (Finance) to the Govt. Of H.P Shimla-2 for information please.
3. The Secretary (GAD) to the Govt. of H.P. Shimla-2 for information please.

Additional Secretary (NES) to the
Govt. of Himachal Pradesh