

Small Hydro Power Programme (upto 25 MW capacity) - 2014

HIGHLIGHTS

Nodal Agency	Ministry of New and Renewable Energy
Date of Issue	2nd July 2014
Policy Period	Upto 31st March 2017
Monitoring & Implementing Agencies	The implementing agencies will set up a reviewing arrangement to closely monitor projects. Ministry may also appoint independent consultants/organizations to monitor the projects.

Scheme to provide financial support for identification of new potential SHP sites, preparation of plan and detailed project report upto 25 MW capacity, to Govt.departments and agencies/local bodies

Eligibility conditions	Applicable to central /state/UT government depts. and agencies/local bodies. Proposals for DPR will be considered for SHP sites where pre-feasibility study has been completed.
Policy objective	To provide financial support for overall estimation of SHP potential in a state, identification of new potential sites, and preparation of plan for SHP development including Environmental Impact Assessment.

Incentive amount	<ul style="list-style-type: none"> Financial support: Less than 1 MW – Rs. 6 lakhs per project 1 MW to 25 MW – Rs. 10 lakhs or actual cost per project, whichever is less. <p>Pattern of Release:</p> <ul style="list-style-type: none"> 50% as advance with sanction. Balance 50% on submission of 2 copies of approved DPRs, Utilization Certificates for released funds and actual expenditure.
Misc./additional information	Project proposal application format enclosed in scheme document.

Scheme for financial support to set up new SHP projects upto 25 MW capacity in the private, co-operative, joint sector, etc.

Eligibility conditions	<ul style="list-style-type: none"> Projects upto 25 MW. Proposal to be submitted within 6 months of project commencement along with documentary proof. Institutions such as Indian Renewable Energy Development Authority, Power Finance Corporation, Rural Electrification Corporation, Industrial Development Bank of India, Infrastructure Development Finance Company, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India and state/nationalized/scheduled banks controlled/governed by RBI or any other bank/FI shall be eligible under the scheme. Where existing capacity has been enhanced/uprated by adding new units, eligibility is limited to new additional units. Projects commenced on or after 1st April 2013.
Incentive amount	<ul style="list-style-type: none"> Rs.1.5 crore/MW maximum up to Rs.5 crore per project for NE region, J&K, H.P. and Uttarakhand. Rs.1 crore./MW maximum up to Rs.5 crore per project for all other states. Financial support will be based on overall viability of the project. First instalment of 50% of financial support is proposed to be released to FI/bank after order of electro-mechanical equipment and disbursement of 50% loan amount. Balance 50% of financial support will be released after project commissioning, commercial generation and performance testing. If a project is set up by the developer, using his own financial resources, financial support will be directly disbursed to him after successful commissioning of the project.
Misc./additional information	<p>Project developers/owners are required to contribute a minimum of 50% of approved project cost (loan + equity).</p> <p>Application format and procedure for availing subsidy is enclosed in the scheme document.</p>

Scheme for financial support to set up new SHP projects upto 25 MW capacity in the government/ state sector.

Eligibility conditions	<ul style="list-style-type: none"> • Minimum 10% of total project cost to be borne by state implementing agency or project owner. • New SHP projects taken up in the govt/state/public sector by govt departments/agencies/SEBs/local bodies, etc., which are declared state nodal dept/agency by the state govt and made responsible for SHP development in the state/UT, or the owner of proposed SHP project • Projects will also be eligible where existing capacity has been enhanced/uprated by adding new units but limited to the new additional units.
Incentive amount	<ul style="list-style-type: none"> • NE region, J&K, H.P. and Uttarakhand: <ul style="list-style-type: none"> - Above 100kW and upto 1000 kW - Rs.75,000 per kW. - Above 1 MW and upto 25 MW - Rs.7.5 crore/MW limited to Rs.20 crore per project. • Other States: <ul style="list-style-type: none"> - Above 100 kW and upto 1000 kW - Rs.35,000 per kW. - Above 1 MW and upto 25 MW - Rs 3.5 Crores/MW limited to Rs.20 Crore per project. • Financial support will be on the basis of overall project viability and availability of funds. • 1st instalment - 25% on award of work orders and signing of contract. • 2nd instalment - 30% on achieving 25% progress with submission of proof. • 3rd instalment - 35% on achieving 50% progress with submission of proof. • 4th instalment - 10% on submission of completion report, Statement Of Expenditure, Utilization Certificate, generation data, audited account statements on actual total expenditure after successful commissioning of project and six months generation data.
Misc./additional information	<ul style="list-style-type: none"> • Contracts for civil and electro-mechanical work will be decided through competitive bidding process. • Equipment supplied must conform to relevant international/national codes of standards. • Application format and procedure for availing subsidy is enclosed in scheme document.

Scheme for financial support for renovation and modernization of existing SHP projects upto 25 MW capacity in the government/state sector.

Eligibility conditions	<ul style="list-style-type: none"> • R&M of existing SHP projects, upto 25MW capacity, commissioned at least 7 years prior to submission of proposal to MNRE. • Projects where existing capacity has been enhanced/uprated with R&M by adding new units., will be eligible for limited financial support. • The past performance of the station (lower generation/non-functioning) shall be the guiding factor in R&M project selection. • Replacement of minor items which could otherwise be covered under routine and preventive maintenance, shall not be covered under this scheme.
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Incentive amount	<ul style="list-style-type: none"> • Upto1000 kW – Rs.1000 per kW. • Above 1 MW & up to 25 MW – Rs.1 crore/MW limited to Rs. 10 crore per project. • Financial support will be on the basis of overall project viability and availability of funds. • 1st instalment -25% on award of work orders and signing of contract. • 2nd instalment -25% on achieving 25% progress with submission of proof. • 3rd instalment - 40% on achieving 50% progress with submission of proof. • 4thinstalment- 10% on submission of completion report, SOE, UC, generation data, audited account statements on actual total expenditure after successful commissioning of project and six months generation data.
Misc./additional information	<ul style="list-style-type: none"> • Application format and procedure for availing subsidy for the project is enclosed in the scheme document. • Release of funds will depend upon the contribution from the implementing agency towards actual expenditure on the project, which should be in proportion to the funds released by MNRE. • R&M works on the projects should be completed within 3 years from award of contract date, unless extended by competent authority/secretary, MNRE, and subject to achieving more than 70% physical and financial progress. • MNRE reserves the right to review/revoke the financial support, and in case the same has already been released, to withhold further support and recall the amount that was already released, in the event of developments which may affect the project adversely.

Scheme for financial support for development/upgradation of watermills and setting up of micro hydel projects upto 100 kW capacity to state government departments/state nodal agencies/local bodies/ co-operatives/NGOs/tea gardens and individual entrepreneurs.

Eligibility conditions	<ul style="list-style-type: none"> • Applicable to projects to be implemented by state government departments/state nodal agencies/local bodies/co-operatives/NGOs/tea gardens and individual entrepreneurs. • Watermill projects implemented through channel partners by the state government/SNA/MNRE. • Preference will be given to proposals for WMs owned by women, women entrepreneurs, or women NGOs, and SC/ST entrepreneurs.
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	Category	Amount of Central Financial Assistance	Additional incentive to SNA(in case SNA is not the owner of Water Mill/Micro Hydel Project) as service charge
Incentive amount	Watermill - Mechanical output only.	Rs.50,000 per watermill	Rs. 5,000 per watermill
	Watermill - Electrical output/both mechanical and electrical output up to 5 kW.	Rs.1,50,000 per watermill	Rs. 15,000 per watermill
	Micro hydel projects up to 100 kW.	Rs.1,25,000 per kW	1% of subsidy or minimum of Rs.25,000 per MHP
	<ul style="list-style-type: none"> A minimum contribution of 10% of project cost should be met by the beneficiaries/project owners. In case WM/MHP is being implemented by NGOs, the service charge will be shared between SNA and local bodies/co-operatives/NGOs in the ratio 50:50. <p>Pattern of Release (through concerned state nodal agencies):</p> <p>Watermills</p> <ul style="list-style-type: none"> 50% as advance, on the allocation of the target. Remaining 50% after installation of watermills and submission of their completion report with utilization certificate of the previous release. <p>Micro hydel projects</p> <ul style="list-style-type: none"> 25% as advance, along with sanction. 65% on the achievement of 25% of physical progress and after placement of order for equipment and submission of progress report, UC and SOE on project cost. <p>For individual entrepreneurs, the subsidy will be released on submission of bank guarantee or after successful commissioning of the project, provided all other conditions are fulfilled.</p>		
Misc./additional information	<ul style="list-style-type: none"> Application format and procedure for availing subsidy for project is enclosed in the scheme document. WMs must be completed within one year from receiving the first instalment, failing which the released amount needs to be refunded along with interest accrued. Installation of Micro Hydel Project must be started within one year and completed within 3 years from date of receiving first instalment, failing which the released amount needs to be refunded along with interest accrued. 		

Scheme for financial support for Research & Development and capacity building.

Eligibility conditions	R&D projects by Govtdepts./agencies/PSUs/institutions/industries which have adequate infrastructure. Capacity building – Proposals from state govt.depts/SNAs/local bodies/co-operatives/autonomous institutions/NGOs and also thorough channel partners. (Only human resource development cost will be covered. No infrastructure cost will be covered except for development of watermill centres).
Policy objectives	Support to R&D projects, strengthening of technical institutions, setting up of turbine laboratory, business meets, training programmes/courses, monitoring of SHP projects, consultancy and/or any other activities necessary for SHP development.
Incentive amount	Funds will be released as per RDD policy of the Ministry, based on R&D scheme, on case to case basis. Capacity building upto 100%, on case to case basis. (70% of amount as advance with the sanction and the remaining 30% on completion of the project).
Misc./additional information	For R&D proposals, application format and procedure (http://www.mnre.gov.in/schemes/r-d/solar-pv-3) is as per RD&D policy of the Ministry.
Links	http://mnre.gov.in/schemes/grid-connected/small-hydro/scheme-3/
References	http://mnre.gov.in/file-manager/grid-small-hydro/SHP-Scheme.pdf