

J & K Hydro Policy - 2011

HIGHLIGHTS

Nodal Agency	• Jammu and Kashmir Energy Development Agency (JAKEDA) - Nodal Agency for Mini hydro up to 2 MW. • LREDA / KREDA - Nodal Agencies for Leh and Kargil Districts respectively
Applicable Technologies	Hydro power up to 25MW
Premium to the State	Upfront premium with minimum threshold slab of Rs. 50,000 per MW for 1 MW projects, and Re.1 lakh/MW for projects above 1 MW, to be deposited within one month from date of site allotment.
Power Purchase	The IPP shall, after availing royalty in the form of 12% free power, be free to sell to the state, at tariff determined by JKSERC.
Eligibility Conditions	Private sector entities, central power utilities, state governments or any other government entities and their joint ventures. Projects shall be reserved for execution by IPPs that are permanent residents of the state and would also include IPPs where permanent residents of J&K hold majority stake. This condition shall be relaxed if adequate and competitive response is not elicited in the bidding process of projects so reserved..
Registration Fees	Not available
Tax Exemptions	No entry tax by the state government on power generation and transmission equipment and building material used for MHPs
Evacuation Arrangement	IPP shall be responsible for evacuation arrangement

OTHER PROVISIONS

Site allotment to nodal agency	No bar on nodal agencies from directly taking up implementation of mini hydro projects up to 2 MW at any site without inviting bids from IPPs.
Self-identification of projects	• Thenodal agency shall examine the feasibility of the self-identified site for setting up of the hydro power project and determine the optimum power potential that can be harnessed. • Additionally, Swiss challenge method shall be adopted with the first right of refusal given to the party which identified the project.
Evacuation, open access and banking	• IPP shall develop the necessary infrastructure to facilitate connectivity/synchronization with the grid. • For supply of committed power i.e. free power plus power procured by state in grid-connected or isolated mode, available transmission/distribution networks of the state's transmission/ distribution utilities shall be utilized and IPP will not be required to pay wheeling/transmission charges. • For supply of balance power,(other than committed power to J&K),the state transmission/distribution networks of transmission/distribution utilities can be used, for which open access charges shall be borne by the IPP as per JKSERC regulations. • The T&D losses for intrastate wheeling/transmission shall be as per JKSERC regulations for state transmission utility/state distribution utility network, and as per CERC regulations for wheeling/transmission beyond STU on CTU network.
Dispatch	• Priority will be accorded to IPPs for dispatch into the grid ahead of merit order and any other source of supply, subject to any system constraints/grid disturbances or restrictions imposed by the state government in the interests of the state.
Incentives to the power developers	• No entry tax will be levied on power generation/transmission equipment and building material used for mini-hydro plants. • Govt. land, if required, for power projects shall be allotted on 40 years lease at a premium of Re. 1/sq.m. However, in case of non-availability of govt. land, land shall be acquired by Science & Technology/ JAKEDA/LREDA/KREDA and leased out to the IPP. • Exemption from court fees for registration of land lease documents. • 3% interest subsidy payable on working capital available from commercial banks to IPPs for a period of 5 years from the date of allotment and reviewed after 5 years. • 10% subsidy on capital investment subject to a ceiling of Rs.60 lakhs in addition to central subsidy for power projects ranging from 1 MW to 2MW after successful project installation & commissioning. • Exemption from "water user charges" for a period of 10 years from commercial Operation Date (COD)

Schedule of implementation	• The IPP shall be responsible for providing and submitting all documents to the concerned authorities within 15 months from the date of allotment. • Statutory clearance shall be obtained by the IPP within 18 months of allotment. • IPP shall achieve financial closure within three months from date of receipt of all statutory approvals and clearances given by the state and central governments. Financial closure would imply firm commitments for financing the entire project, with all pre-disbursement conditions having been fulfilled. • The project shall be completed and made operational within a period of 36 months after receiving all statutory clearances. • The IPP may surrender the allotment back to the state government if on completion of DPR it has sufficient grounds to establish that the project is techno-economically unviable, subject to acceptance by the nodal agency. In that case, upfront premium shall be refunded.
Provision for policy review	Not available
Links	http://jakeda.jk.gov.in/policy.aspx
References	http://jakeda.jk.gov.in/links/HP.pdf