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1. Power is a critical infrastructure on which the socio-economic development of the State /country depends. The growth of the economy and its global competitiveness hinges on the availability of quality power at competitive rates. Therefore, it is imperative that electricity is made available at globally competitive cost. The requirement of power in Uttarakhand has been growing at a faster rate due to the industrialization of the State. Ironically the power availability in the state has not grown proportionately to match the power demand. As a result there exists a huge gap between the power availability and demand in the State. In today's power scenario, the position becomes gloomier during the morning and evening peak hours when rostering and power cuts are required to be imposed throughout the state for the safety of the grid operations.

Upto 31st December 2013, the total hydro power generation in State Sector through medium & Major projects was 2006.01 MW while as from renewable sources was 189.87 MW. The installed capacity in Uttarakhand State is 1.11 % of the National Installed capacity. During 2013-14, the total demand in the State was 11944 MU against its share of 11493 MU i.e. a shortage of 3.8%. The peak deficit in the State is 4.2% while as the energy supply deficit is 1.5-3.8 %.

Uttarakhand State is richly endowed with natural renewable resources for generating electricity. Most of this could be harnessed through environmentally clean small, Medium & Large Hydroelectric Projects; it is estimated that a capacity of more than 20,000 MW is yet to be tapped through these sources. It is felt that more than 10,000 MW electrical energy could be tapped through these sources before 2020.

Most of the streams / Rivers in the State are small streams; small hydro power projects in these streams can be developed with minimum risks, the probable small hydro power potential is around 3000 MW. Accordingly, the Government of Uttarakhand (GoU) has laid maximum emphasis on harnessing of its small hydro power potential, being a clean & renewable source of energy. These projects are run of the river projects and hence the rehabilitation and resettlement issues are almost negligible, also project components are smaller in size, the

environmental and ecological impacts of these projects are minimal. These small hydro projects can be developed within a stipulated time framework with minimum surprises, while as the medium and major projects gestation period is comparatively larger. It has been therefore decided to encourage private sector participation in development of Hydro Power Projects (SHPs). Accordingly GoU declared “Policy For Harnessing Renewable Energy Sources in Uttarakhand With Private Sector / Community Participation” issued vide G.O. No. 263(2)/2008-04(8)-06/2001, dated 29.1.2008. This Policy is applicable for development of all renewable energy projects through private / community participation for projects upto 25 MW installed capacity that are considered as renewable energy sources.

During the implementation of above, numbers of suggestions were received for amending some of the provisions of the Policy for accelerated and smooth development of power generation under various categories of projects. Accordingly, Independent Policies are being framed for harnessing of micro (upto 100 kW) & mini (above 100 kW and upto 2.0MW) hydro power projects and for development of other renewable energy sources e.g. Solar Power, wind energy, biomass / agro residue energy, cogeneration energy, energy from municipal waste, geo-thermal energy etc.

On this background and with an intention to harness the small hydro power available in the state in an accelerated manner, GoU is pleased to declare revised policy for development of small hydro power projects, through the Private / Public sector participation. This policy seeks to replace the earlier policy dated 29th January 2008. The revised policy is intended to encourage the participation of both the Captive Power Producers (CPPs) and Independent Power Producers (IPPs) in development of SHP in the state.

2. Uttarakhand has a considerable small hydro power potential (about 3000 MW) in various river valleys of the State that is yet to be harnessed, with a view to maximise the utilisation of small hydro power potential, this policy has been formulated to achieve the following objectives:-
 - to harness the green power with the help of private sector to enhance the power availability in the state through the contribution of pollution free renewable energy for socio economic development of the State,

- to promote setting up of captive small hydro power projects by the high and extra high voltage industrial consumers either individually or as a joint venture with other industrial consumer,
- to supplement minimum rural energy needs through sustainable small hydro power schemes,
- to provide decentralized energy supply to agriculture, commercial and household sector,
- to provide power for industrial development in the State.
- to improve the quality of grid power through such projects, as a consequence of tail end generation and feeding,
- to create conducive environment for attracting private sector investment in development of small hydro power,
- to create public awareness and involve users/local community/Panchayat Raj Institutions, along with their capacity building in establishing, operating and managing small hydro power projects,
- to create direct and indirect employment opportunities for the youth in the State,
- to lay down the framework for the implementation of the policy,
- to frame guidelines for allotment of new SHP sites to be set-up in Private Sector and to enumerate various incentives and procedural facilities to attract, encourage and facilitate private sector participation in this area.

3. Policy guidelines :

3.1. Scope:

Uttarakhand State Government will be inviting open bids for development of small hydro projects (above 2.00 MW) under PPP (Public Private Partnership) mode. The projects will be offered for allocation only after the preparation of detailed project report of the project by the State Government Agencies. The small hydro projects under this Policy can be developed as Independent Power Plant (IPP) or as Captive Power Plant (CPP).

For the purpose of this policy, Captive Power Plant (CPP) is defined as a SHP set up under section 9 read with clause (8) of section 2 of EA 2003 and compiling the requirements stipulated in Electricity Rules 2005 notified by Ministry of Power, Govt. of India (GoI) on 8th June, 2005.

For the purpose of this policy IPP is defined as SHP setup by any person as defined in EA 2003 for generating electricity, and the electricity generated can be sold to any consumer located in the state of Uttarakhand or any other willing distribution licensee or any Power Trading Company.

The provisions of this policy are also applicable for any governmental or semi-governmental organization of GoU who owns the water reservoirs.

3.2. Classification of Projects:-

Based on the generating capacity, small hydro projects will be grouped under following two categories:-

- (a) Small hydro Power projects above 2.00 MW and upto 5.00 MW,
- (b) Small hydro projects above 5.00 MW,

3.3. Eligible Developers for Hydro Projects:

3.3.1. Developers Eligible for SHP's above 2 MW & upto 5 MW

The Small hydro power projects under Category "a" above:-

- a.** small hydro projects above 2.00 MW & upto 5.00 MW, shall be reserved for the following category of developers subjected to their fulfilling the technical & financial capability criteria. The projects under this category will be allocated through open competitive bidding amongst following category of developers:-
 - i.** Any Panchayat Raj Institution e.g. Gram Panchayat or Block Panchayat or Zila Panchayat of Uttarakhand State,
 - ii.** Any Community Based Organization, Society of Uttarakhand registered under the Society Registration Act 1860, subjected to the condition that all the members of the Society are Domicile of Uttarakhand,
 - iii.** Any registered firm/company registered under the Company Act 1956 having its registered office in Uttarakhand in which majority of the shares are owned by the Domiciles of Uttarakhand,

- iv. Any partnership firm owned by the domiciles of Uttarakhand,
 - v. Any industry registered in District Industries Offices of Uttarakhand for its own captive power use only,
 - vi. Any joint venture / consortium constituted amongst the above category of developers.
- b. Hydro power projects allocated under this category can only be transferred to the developers who are eligible under this category.
- c. **Incentive to Panchayat Raj Institutions :**
To empower and strengthen Panchayat Raj Institutions (PRI), the Local Bodies of the State Government will be encouraged to avail the financial support of the MNES for establishing small hydro power projects. As per the existing Policy of Ministry of New & Renewable Energy (MNES), financial support to setup small hydro power projects, by the Government / State Sector and Local bodies is many times more than that is available to the Private Developers. Also, the time period and percentage of financial support release is much more generous to the State Institutions.
- d. **Technical Support to Panchayat Raj Institutions :**
Panchayat Raj Institutions (Zila Panchayat / Block Panchayat / Gram Panchayat) can take the assistance from UJVN Limited, a nodal agency of Government of Uttarakhand for various activities of project e.g. statutory clearances, detailed engineering, Tenders for EPC, construction Supervision, testing and operation of the project. UJVN Limited will empanel the consultant for providing technical assistance to the PRI. The PRI will make payment directly to the selected Consultant for the services rendered by the Consultant. State Government will assist the Panchayat Raj Institution in arranging the finances from various financial institutions like NABARD, Social Venture Capital Fund available with Rural Development Department through UPASaC (Uttarakhand Parvatiya Aajeevika Sanvardhan Company).
- e. **Unallocated Projects :**
The small hydro power project that remains un-allocated even after two cycles of bidding will be automatically converted to general category

projects i.e. in the third bidding cycle, the SHP under this category may be allocated without any reservation under general category.

3.3.2. Developers Eligible for SHP's above 5 MW :

The small hydro power projects under category (b) of the Clause 3.2 above (i.e. with installed capacity more than 5.00 MW) will be open to all the developers without any reservation / preference.

3.4. Operative Period :

The policy will be in operation from the date of publication of this resolution till it is cancelled/ revised. All the projects awarded within this period will be governed by this policy.

The SHP allotted under this policy will be on Build, Operate & Transfer Basis (BOT). The BOT period will be 40 years (including Five years of construction period and 35 years of operation & Maintenance period). The BOT period will start from the date of signing of Implementation Agreement of the project. The State Government may extend the construction period of the project, in case the developer is not able to get clearances / commission the project within the stipulated period due to the circumstances that are beyond his control, but the developer will not have any right for claiming the extension. At the end of the BOT period the absolute ownership of the power project along with land, all allied works, plant & machinery etc. complete, established by the selected developer, will automatically stand transferred to the State Government or any entity of the State Government, free of cost and free of all encumbrances. Govt. of Uttarakhand may extend the BOT period at its discretion on mutually agreed terms & conditions at the time of extension of concession period.

4. The procedure for selection of developers

The procedure for selection of developers will be as under:

4.1 The State Government or State Sponsored Agencies will identify small hydro power projects in various river valleys of the Uttarakhand State (above 2.0 MW), will prepare the Detailed Project Report of the Small Hydro Power Project and will submit the DPR to GoU for approval.

4.2 Open Competitive Bidding for allocation of projects :

The small hydro power projects whose Detailed Project Report have been approved, will be put for bidding to the prospective bidders for detailed Engineering,

construction and operation & Maintenance under BOT mode through open competitive bidding by the State Government. The bidding process is open to both, the Independent Power Producers (IPP) and Captive Power Producers (CPP) who are eligible to participate in the bid as per the eligibility criteria detailed in Clause 3.3 above. The bids will be invited under Single Stage Two Envelope format. The RFQ cum RFP document will be made available to the bidders on payment of a prescribed fee.

4.3 Pre-Qualification Criteria :

The comprehensive tender document (Request for Qualification cum Request for Proposal RFQ/RFP) documents will be designed for inviting bids listing out threshold technical and financial parameters of the potential eligible bidders. The Prequalification parameters / eligibility Criteria for Developers / Bidders will be based on the Criteria mentioned in the “Model Request for Qualification for PPP Projects” document issued by Department of Expenditure, Ministry of Finance, Govt. of India in 2009 and all further amendments thereof.

4.4 Evaluation of Bids :

Firstly, the applicants applications will be evaluated on the basis of pre-qualification criteria laid down in the RFQ document which will be made available on payment of a prescribed fee. Broadly, prequalification criteria would be based on balance sheet, annual report, technical and financial capacity etc. The necessary information regarding attributes to be evaluated, guidelines for evaluation, passing score on attributes required for pre-qualification will be specified in pre-qualification document. Based on the above criteria the developers will be pre-qualified and a list of technically qualified bidders will be prepared. Financial proposals of only technically qualified bidders will be evaluated. All the bids will have to be supported with the Earnest Money Deposit (EMD).

4.5 Revised Financial Bids :

The revised financial bids may be invited from all the eligible bidders, if some technical surprises or other conditions demands so. The option for invitation of revised financial bids will be at the sole discretion of the State Government and the decision of the Principal Secretary / Secretary, Department of Energy, Govt. of Uttarakhand will be final in this respect.

4.6 Bid Parameter :

The bidding parameter will be upfront premium per MW payable upfront on the envisaged installed capacity in the Detailed Project Report of the project. The highest upfront premium quoted by the prospective developer will be the sole criteria for selection of the developer i.e. the project will be allocated to the developer quoting the highest upfront premium above the threshold premium. The minimum threshold upfront premium has been mentioned in Clause 4.8 of this Policy document.

4.7 Incentive for establishing Captive Power Projects by the State Industrial Units :

4.7.1 Industrial units located in the hilly districts of the Uttarakhand State and willing to participate in the open competitive bid for the purpose of establishing small hydro power projects under this policy, for their captive use only, will be given preference by accepting their bids provided these are not less than 50% of the highest bid. Captive generating plant shall be as defined in Sub-section (8) of Section 2 of the Electricity Act 2003.

4.7.2 Industrial units located in the Plain districts of the Uttarakhand State and willing to participate in the open competitive bid for the purpose of establishing small hydro power projects under this policy, for their captive use only, will be given preference by accepting their bids provided these are not less than 20% of the highest bid. Captive generating plant shall be as defined in Sub-section (8) of Section 2 of the Electricity Act 2003.

Further, provided that such power plants are captive generating plants as defined in the Sub-Section 8 of Section -2 of Electricity Act, 2003 and fully meet the requirements prescribed for captive generating plants in Rule 3 of Electricity Act, 2005.

4.7.3 Under this Policy Clause 4.7 above, the benefit of 50% relaxation in the highest bid (upfront premium) will also be applicable to the hotels, resorts, educational institutions or other bulk power consumers having sanctioned load of more than 0.5 MW established in the Hilly districts of the State.

4.8 Threshold Premium :

4.8.1 The following is the minimum threshold upfront premium, bids quoting upfront premium below the threshold would be outrightly rejected :

- ❖ Above 2 MW & upto 5MW: - Rs.100,000/- per MW,
- ❖ Above 5 MW & upto 25MW: - Rs.500,000/- per MW,

4.8.2 The State Government can revise the threshold premium on project to project basis at any time as it feels necessary.

4.9 The GoU or its designated Agency will intimate the bidder regarding his selection and will issue the Letter of Award (LoA) to the selected bidder.

4.10 The successful bidder will be required to deposit the upfront premium, performance security in the shape of Bank Guarantee and other amount due within the time specified in the bid document / Letter of Award (LOA).

5. Development of project :

5.1. Period for various Clearances and financial closure

Developer will arrange for all the necessary clearances & financial closure within 20 months from the date of signing of Implementation Agreement. GoU will facilitate developer in getting required clearances. However, it will be the primary responsibility of developer to arrange various clearances within the stipulated time. This period will be extended if there are valid reasons for such extension, which will be decided by Principal Secretary /Secretary, Department of Energy, GoU, but the developer will not have any claim for extension of total construction period if the clearance and financial closure period is extended. Failure of developer in arranging the various clearances & finances within the stipulated period will result into automatic cancellation of Implementation Agreement and forfeiture of Performance Guarantee.

5.2. Denial of Clearance by the Central / State Government

In case, any of the state level or central level clearance is denied for a particular reason, the performance Security may be refunded to the developer. However, under any condition cost incurred by developer for investigations, getting clearances and arranging finance will not be reimbursed to the developer. Developer will also be not eligible for any interest / compensation on the performance security deposited.

5.3. Construction Progress Monitoring

During the project implementation, the progress of the project will be monitored on the basis of various milestones & if the progress is not found satisfactory, reasons for the delay will be called for. If the reasons for the delay are found to be beyond the control of the developer, necessary time extension will be given otherwise developer would be liable to pay a penalty as prescribed in the Implementation Agreement.

5.4. The developer will be responsible for carrying out the work with due diligence with regard to his responsibilities under various Central/ State / Local laws, rules and regulations & ensure the compliance of the same.

5.5. The developer will insure the assets of the project and keep them insured during the term of Implementation Agreement.

6. Grid Interfacing & Evacuation Arrangements :

6.1. Grid connectivity to the generators including their evacuation shall be in accordance with UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and Non-fossil Fuel based Cogenerating Stations) Regulations, 2013 and its successor regulations as applicable from time to time.

6.2. The interface metering will be in accordance with the UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and Non-fossil Fuel based Cogenerating Stations) Regulations, 2013 and its successor regulations as applicable from time to time read with CEA (Installation and Metering of Meters) Regulations 2006.

6.3. Transmission and wheeling of power generated (captive generating unit)

i) The wheeling of power will be allowed to not more than one unit of the same industrial undertaking. However, a captive power plant may be set up through a Joint Venture Company constituted by a maximum of 2(two) industrial undertaking who would be eligible to exclusively consume the Power from the captive Power plant in one unit each of the participating industrial undertaking in the Joint Venture Company. For this purpose the industrial undertaking will be required to make its own transmission lines upto nearest grid Sub-Station of the utility along with the associated protective system as

per specification of the utility and the said transmission line will be maintained by the generator

- ii) There will be no provision of sale of power by the industrial undertaking to any third party except the State distribution Company i.e UPCL.

7. Open Access :-

The generating station shall be allowed to avail Open Access in accordance with provisions of the Electricity Act, 2003 and UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and Non-fossil Fuel based Cogenerating Stations) Regulations, 2013 read with UERC (Terms & Conditions of Intra-State Open Access) Regulations, 2010 and their successor regulations as applicable from time to time.

8. Banking :

- 8.1. Banking of power by the Generating Stations will be in accordance with UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and Non-fossil Fuel based Cogenerating Stations) Regulations, 2013 and its successor regulations as applicable from time to time.

9. MAJOR INCENTIVES :

A. ANNOUNCED BY GOI :

For the promotion of development of small hydro power (upto 25 MW), various incentives / financial assistances are announced from time to time by Ministry of Non-Conventional Energy Sources, GOI which may be availed by the developer.

B. ANNOUNCED BY GoU :

- i) Private, sector participation in development of small hydro power sector in the Uttarakhand State will be promoted / encouraged by the state and all necessary facilities in setting up small hydro power projects will be provided by the government.

- ii) **Lease of Government Land :**

The Govt. land, if available at project site, will be made available on lease to private investor for setting up the small hydro power project, for period

of 40 years at fixed rate Rs. 1.00 per sqm annually, which may be further renewed up to 35 years or lesser period equal to the remaining useful life of the project on mutually agreed terms and conditions among the parties. The land required for the project if available with the Government, will be leased to the developer within a period of 180 days of signing of the Implementation Agreement at the request of the developer.

iii) Lease of Local Bodies/ Gram Samaj Land :

If the required land is belonging to local bodies/ Gram Panchayat is available, the State Government would encourage the local bodies/ Gram Panchayat to provide the land for small hydro power projects on lease to private investor for setting up the small hydro power project, for a period of 40 years on lease at fixed rate Rs. 5.00 per sqm annually, which can be further renewed up to 35 years or lesser period equal to the remaining useful life of the project on mutually agreed terms and conditions among the parties.

iv) Permission of purchase of Agriculture and for Hydro Projects :

Permission of the State Government for purchase of agriculture land (more than 250 Sqm) as per the provision of Section 154, sub-section (4) (2) of the “The Uttarakhand (The Uttar Pradesh Zamindari Abolition & Land Reform Act 1950), (Adaption and Modification Order, 2001) (Amendment) Act 2003” will not be required for acquiring the land for the implementation of small hydro power project with the restriction that the land purchased under this exemption will not be used for any other purpose except for the implementation of the small hydro power project.

v) Land Use Conversion :

In case of the developer acquiring private land for Setting up of small hydro Power Projects in the Agriculture Zone, he will be eligible to get the land diverted for industrial purpose from the competent revenue authority without any conversion fee/rent. Prior approval for the land use conversion of agriculture land will not be mandatory for the implementation of small hydro power projects provided the developer have applied for the conversion of land use

vi) Industry Policy benefit applicable to SHP's :

The Small Hydro Power Projects (above 2.0 MW) set up under this policy will be treated as Industry for the purpose of the Industrial Policy of the Uttarakhand State and small hydro power projects will also be eligible for all incentives, facilities & investment assistance, that are provided by the State Government, under the applicable State Industrial Policy.

vii) Exemption from Water Royalty on Earlier Commissioning :

The developer will be exempted from water royalty charges to an extent of units generated before scheduled date of commissioning.

viii) Facilitation in construction of Power Evacuation Line :

The private developer will not be required to obtain Government permission for the right of way for construction of transmission line and associated works linking with small hydro power plant with state grid substation. The Private Developer will not have to make any payment for right of way purpose for laying overhead/underground lines in the land owned by State Govt, or local bodies. However, he will be required to intimate the owner the State Government or Local bodies, as the case may be, in advance for construction of overhead lines or laying of underground cables provided the land is filled with earth and properly levelled.

ix) Issues regarding Irrigation /Minor Irrigation Department :

No clearance will be required from the Irrigation Department/Minor Irrigation Department for Implementation of small hydro power projects allocated under this Policy, however the Developer will ensure that the designed water supply to the existing canals/Hydrum schemes in the project area is maintained during the construction and operation period of the hydro power project. In case, the canal/hydrum alignment is to be realigned/relocated due to construction of the small hydro power projects, the same will be done by the Developer at his own cost in the minimum possible time during the lean irrigation demand period, so that the crops of the Cultivator are not damaged due to realignment/repair of the canal /hydrum scheme. The selected developer will have to submit a declaration/

affidavit in this regard to the Energy Department / Irrigation / Minor Irrigation department prior to the construction of the project.

x) Issues regarding Public Works Department :

No clearance will be required from Public Works Department for Implementation of small hydro power projects allocated under this Policy; however the Developer will ensure that the State Highway / National Highway roads in the project area and in the vicinity of the project are properly maintained by the developers at his own cost. If any road is to be realigned, the alternative road will be constructed prior to disruption of the existing road by the developer at his own cost, after getting necessary approval for the alignment & design of new road from the Public Works Department. The selected developer will have to submit a declaration/ affidavit in this regard to the Energy Department/Public Works Department prior to the construction of the project.

xi) Issues regarding Fisheries Department :

Clearance from fisheries the department will not be required provided the developer is complying with the provisions of the Uttarakhand Fisheries Act 2013. The selected developer will have to submit a declaration/ affidavit in this regard to the Energy Department / Fisheries Department prior to the construction of the project.

xii) Issues regarding Pey Jal Nigam/Jal Sansthan :

Clearance from the Pey Jal Nigam/Jal Sansthan will not be required, either, if any of the existing water supply project is not being affected by the proposed hydro project, or if any water supply scheme is coming in the hydro power project area, the Developer undertakes to maintain/rehabilitate the water supply scheme at his own cost and submit such an undertaking to the Energy Department and Pey Jal Nigam/Jal Sansthan prior to the construction of the project.

xiii) Reduction in Sanctioned load for Captive Power Developers :

The industrial consumers opting to buy power from an SHP will be allowed a corresponding reduction in contract demand on a permanent basis subject to dispensation of UERC.

xiv) Facilitation for various clearances by the Energy Department :

For providing administrative support for obtaining statutory clearances at various levels, the facilitation service charges will be levied by the Energy Department or any other Agency nominated by it, on all small hydro power projects @ 0.10% of the project cost as per DPR / Revised DPR subjected to a maximum of Rs. 10.00 Lacs.

xv) Law and Order :

The State Government will be responsible for maintaining general law and order in and around the project area for security and safety of personnel and properties of the project.

10. SALE OF ELECTRICITY :

Uttarakhand Power Corporation Limited Company will have the first right of purchase of electricity generated by the SHP's allocated under this Policy at the rates determined by the Uttarakhand State Regulatory Commission. The State Government will provide guarantee for the payments to be made by the UPCL for such purchases. However, after refusal by Uttarakhand Power Corporation Limited, the developer can sell the power generated from the project to any consumer or any willing distribution licensee or any power trading company or for the captive use of new industrial consumers.

10.1. Wheeling of electricity: UPCL/PTCUL will undertake to transmit through its grid the power generated and make it available to the producer for captive use or third party sale within/outside the State for which wheeling charges uniformly applicable to all producers would be announced in advance.

11. SINGLE WINDOW CLEARANCE FOR SHP PROJECTS :

Setting up of Small hydro power projects involves sanctions/ clearances from a number of Government Agencies/Departments. The State Government would provide requisite clearances in a time bound manner through a single window mechanism within a period of 90 days, for this Energy Department of the State Government or an agency nominated by it, will act as a Nodal Agency and will coordinate with various Departments for getting the requisite clearances in the fixed time period. For this purpose a high level empowered committee

(composition at **Annexure-A**) will be constituted to accord necessary approvals/clearances.

12. Benefits Under Clean Development Mechanism (CDM) :

Projects covered under this policy may not produce cheapest form of generating energy. However, keeping their environment friendly nature, the State would encourage projects to obtain the benefits available under the Clean Development Mechanism (CDM). . The State Govt has notified UJVN Limited /UREDA as the state nodal agency for carbon credits under the Clean Development Mechanism (CDM). All project developers (Private as well as Government) can seek assistance of UJVN Limited /UREDA in terms of seeking carbon credits under CDM for small hydro power projects. The CDM benefits will be shared between the Developer and the State Government as per the applicable UERC Regulations.

13. Miscellaneous :

13.1. Not more than three small hydro power Projects (above 2.0 MW) will be allotted to a single Developer excluding the projects allocated under the Policy of 2008 or earlier Policies. New small hydro power projects will not be allocated to the Developer (Individual / joint Venture / consortium or a Company) in which a developer (Individual / joint Venture / consortium or a Company) to whom three nos. (3) small hydro projects have already been allocated. In such a case, the bid (s) of such bidder(s) will be out rightly rejected and will not be opened.

13.2. Allocation of Project to State Entities

The Government of Uttarakhand reserves its rights to allot a project to a State owned enterprise directly without following the provisions of this Policy. If a feasible small Hydro project (above 2.0 MW) remains un-allotted even after 2 (two) times bidding on the basis of the procedure prescribed in this Policy, the same would be allotted to any of the State Government Entity for implementation.

13.3. Projects Allocated Under the Earlier Policies

Projects allocated to various private developers before the date of publication of this Policy in the Official Gazette will continue to be governed by the Policy under which they were allotted; these would not be eligible for incentives under this Policy.

13.4. Change in the Installed Capacity of the Project

13.4.1. Enhancement of installed capacity of the allocated capacity

If in the opinion of the selected bidder, the installed capacity of the allocated project can be enhanced with respect to the allocated capacity, the selected developer shall be permitted for the same, but the selected developer will not be eligible for any time extension due to this installed capacity enhancement of the project. Also, for augmentation of capacity of the Project allocated, the developer will pay additional premium on the enhanced capacity at the rate of upfront premium on which the project was originally allocated to the developer.

13.4.2. Not Achieving the Envisaged Installed Capacity

If the allocated small hydro power project is not able to generate the envisaged generation due to change in the hydrological cycle or other natural calamities or any other reason, the upfront premium paid at the time of signing of the Implementation Agreement or part thereof shall not be refunded to the selected developer, in any case.

13.5. Transfer of Allotment

13.5.1. Prior to Commissioning

- a) The original developer of Small hydro Power project allocated under this policy may be permitted once to transfer the project prior to commercial operation of the project to any other developer, on a case to case basis by the Special Committee constituted by the Uttarakhand Government by evaluation of the reasons that necessitated the transfer of project by the original allottee. The Special Committee of the State Government may permit the transfer of project subject to the following conditions:-
 - i) This facility of transfer of projects can be availed only once by the original allottee(s).
 - ii) Financial institution has consented such transfer,
 - iii) Under the Captive Power Produce Category, the State Government is satisfied that the new developer will consume the generated energy primarily for his own use,

- iv) The Technical and financial capability of the new developer are equal to or more than the minimum eligibility criteria prescribed in the original bid document through which the project was allocated to the original developer.
 - v) New developers deposits the performance bank guarantee with the Energy Department,
 - vi) Proposed new developer agrees to all the terms & conditions agreed by the original developer.
 - vii) New developer deposits an amount equal to 20% of the total upfront premium paid by the original bidder as the transfer fees with Government of Uttarakhand for the small hydro power projects above 5.00 MW and 10% of the total upfront premium paid by the original developer, in case of projects above 2.00 MW and upto 5.00 MW. This transfer fee is in addition to the transfer fees payable, if any, to any other authority. The Department of Energy has got full authority to revise the minimum threshold transfer fee at any time as and when it feels necessary through a notification.
- b) The transfer of project prior to commercial operation will be permitted only once. If the new developer again transfers the small hydro power project to a new developer, the same will never be permitted and in such a case, the project will be reverted back to the State Government on “as is where is basis” and new developer will not be eligible for any claims for the construction done at the project site or all other payments made to energy department or any other department or to any statutory body of the State Government and also the performance security deposited will also be forfeited in the interest of the State .Government.
- c) The new developer will not claim any time extension for the project completion due to transfer of the project.

13.5.2 Transfer of Project Post Commercial Operation

Developer can transfer the project after Commercial operation with the permission of the State Government; the Department of energy will charge a

transfer fee @ 10% of the total upfront premium paid by the original developer at the time of allocation of the project.

14. IMPLEMENTATION SCHEDULE :

- i) In the event a Developer fails to achieve the various milestones of the allotted project as per the prescribed time schedule without valid reasons, the premium deposited and performance security deposit will be forfeited and the allotment would be cancelled.
- ii) In case the developer leaves any project incomplete or abandons the project or violates any condition of allotment, the Government reserves the right to take over the project without any compensation and free from encumbrances. The Government will not have any liability to take over the employees engaged in the project by the developer.

15. Inspection of project :

i) During the Construction Period:

The Government of Uttarakhand will have the right to monitor physical and financial progress of the projects on monthly / quarterly / half yearly basis as felt necessary from time to time through a technical committee constituted by the State Government/ Department of Energy. The developer will have to make available all the details / documents regarding the physical / financial and technical details as are directed by the technical Committee.

ii) During the Operation Period:

The Technical Committee constituted by the State Government / Department of energy will inspect the power project from the safety point of view and other technical aspects before and after the monsoon. The developer will render all requisite help and cooperation for such inspection. Similarly, statutory inspection from Factory inspector / Electrical Inspector will be got done. The Inspection Reports will be furnished to Govt. of Uttarakhand annually.

Developer will maintain all the record regarding capacity, generation, PLF, downtime with relevant constraints etc. and make available all these records to inspecting authority for inspection.

16. Exclusive Jurisdiction :

The regulatory frame work for generation, transmission, wheeling, banking, Distribution, tariff, Sale, Regulatory Commissions, Appellate Tribunal, Investigation and Enforcement, Offences and Penalties, Dispute Resolution and other issues pertaining to the operation of the project will be governed by the provisions made under “The Electricity Act 2003” and all subsequent amendments / provisions made thereof. Orders regulations, directives, guidelines issued under the provisions of The Electricity Act 2003, by UERC regarding these issues from time to time will be binding on the developers.

17. Royalty and other Levies :

- i) On small hydro projects above 2.00 MW and upto 5.00 MW, no royalty payment / energy would be charged by the State Government.
- ii) On Small Hydro projects (above 5.00 MW) governed by this policy, royalty payment for the first 15 years of operation would be exempted. From 16th year of operation, a royalty @ 15% of net energy generated would be charged by the State Government
- iii) The Developers of small hydro projects governed by this Policy will have to contribute 1% (one percent) of the approved project cost towards the Local Area Development Fund (LADF) during the construction phase of the project.
- iv) The Developers of small hydro projects governed by this Policy will have to contribute 1% (one percent) of the net energy generated (energy or revenue) towards the Local Area Development Fund (LADF) during the whole operation & Maintenance period of the project allocated under this policy.
- v) The selected developer of small hydro power project above 2.00 MW and upto 5.00 MW, shall contribute a total of 3% of net energy generated or equivalent revenue to the various Panchayat Raj Institutions @ 1% to the project affected Gram Panchayats, 1% to the affected Block Panchayat and 1% to the Zila Panchayat of the District in which the project is located for the entire life of the project.

- vi) The selected developer of small hydro power project above 5.00 MW, shall contribute a total of 3% of net energy generated or equivalent revenue to the various Panchayat Raj Institutions @ 1% to the project affected Gram Panchayats, 1% to the affected Block Panchayat and 1% to the Zila Panchayat of the District in which the project is located for the first 15 years of the Commercial Operation of the project during which the project is exempted of the energy royalty..
- vii) The rates of royalty charges will be reviewed after 40 years (5 years of construction period & 35 years of concession period), in case the lease period is extended by the Department of Energy.

Water Royalty, Duties, Taxes, various Cesses and other taxes :

- i) The developer will pay all statutory Central / State Government taxes, duties, cess & other levies as are applicable or are imposed from time to time, to the respective departments of the State & Central and Local Governments unless the developers are specifically exempted from paying such taxes, cesses & duties.
- ii) The developer will pay to the State; Royalty on forest products, river bed materials and any other construction materials where such royalty / monopoly fee will be applicable; as per prevalent rates.
- iii) Any remedial /compensatory measures directed by competent agencies to protect environment or any other activity found necessary by concerned Government Departments /Local Bodies, will also have to be carried out by the developer at their cost and this cost will be added to the project cost
- iv) However, to encourage and promote sale of available surplus captive power within the state and to avoid undue overburden on CPP with further levy of Electricity Duty, Govt. of Uttarakhand exempts CPPs under this policy from Electricity Duty and Tax on Sale of Electricity.
- v) It will be presumed that developer has considered all these aspects before bidding.

18. Grid Discipline :

No Compensation for Grid Failure :

Developer/ Third party consumer/ Captive user/ Licensee (authorized consumer) will abide by grid discipline & will not be entitled for any compensation in the event of grid failure, shut down, interruption in power supply etc.

Generation Restriction :

In case the generation has to be regulated due to constraints in the power system, the generation from the scheme will have to be regulated /stopped as directed by the Load Dispatch Centre: The Generating Company will not compensated for the short fall in revenue due to the intervention by SLDC/ In extraordinary circumstances arising out of threat to security of the state, public order or a natural calamity or such circumstances arising out of public interest, the developer will have to operate & maintain generating station in accordance with the directives of state government subject to the provisions of section 11 of EA, 2003. In case of shut down, no claim on account of loss of generation will be entertained.

19. Compliance of Statutory Regulations :

The developer/user agency will strictly comply with the statutory regulations of the Central Government/CERC and the State Government/SERC while implementing the project. The Developer will strictly comply with the provisions of the Forest (Conservation) Act 1980. The Developer will also pay the cost of raising Compensatory Afforestation including payment of the Net Present Value (NPV) of the forest land being diverted for non-forest purpose under the Forest (Conservation) Act 1980, if not exempted under any law or order of the Supreme Court of India. The provisions relating to labour welfare as in force under the labour laws applicable in Uttarakhand State should be strictly adhered to by the Developer during the implementation / operation and maintenance of the project. The provisions of the Electricity Act 2003 as amended from time to time will apply in the implementation of the small hydroelectric project in the State. The Developer will also comply with EIA Notification 2006, Water (Prevention and control of Pollution) Act 1974 and Air (Prevention and control of Pollution) Act 1981.

20. Rehabilitation And Re-Settlement :

Rehabilitation and Re-settlement works, if any, for displaced persons due to the project will be financed by the developer, as per relevant law/ guidelines of the State. The selected developer will follow the provisions of “Uttarakhand Rehabilitation and Resettlement Policy for Hydro Power Projects -2013” for the Project Affected Persons/ Families and all further amendments thereof or any other provision included subsequently.

21. Project Becoming Techno-economically Unviable Due To Natural Disaster :

If due to natural calamities e.g. slope failures, cloud burst, earthquake, bank erosion or other natural reasons, the project site becomes techno-economically unviable due to large variations in the river topographical features at the project site and the selected bidders intends to surrender the project. The request to surrender the hydro power project, in such a situation will have to be made in writing to the Govt. of Uttarakhand with documentary evidences regarding the changes in the river topography of the project area. The request of the developer will be examined and if it is found that due to change in the topography of the river in the project area, the project has become techno-economically unviable, the State Government will refund all the upfront premium deposited with the State and will also release the performance security deposited by the Developer, but no interest on upfront premium will be payable to the developer.

22. Right On Reservoir of the Hydro Power Project :

The State Government will be free to use the reservoir created for the power project for development of tourism, fishery, or as it deem fit, following the best practices of the industry, keeping in view the safety of the reservoir and concerning pollution regulations. The developer will not have any right / objections nor will be eligible for any revenue sharing for any such use of the reservoir.

23. Restoration of Project with the State Government after Completion of Concession Period :

On completion of BOT period the entire project components including transmission system will be transferred by the developer to the Government in proper working condition free of cost and free of all encumbrances. The

Government will not have any liability to take over the employees engaged in the project by the developer. In case the Government do not extend the BOOT period and the developer do not transfer his project components as specified above, the Government/UJVN Limited on being authorized by Govt, will have the right to recover the property with all the project components. In case there is any subsisting liability the developer will be personally liable for the same.

24. POWER TO REMOVE DIFFICULTIES :

Provisions in the Policy will be periodically reviewed in view of the dynamic economics of the sector. In normal circumstances next review will be after three years. However, Government of Uttarakhand reserves the right to amend / delete certain provisions of this policy and include additional provisions, if found necessary for operational ease or to deal with unforeseen issues or if found necessary due to any further dispensation of Government of India or UERC as the case may be. Government of Uttarakhand may from time to time issue orders and practice directions in regard to the implementation of this policy and matters incidental or ancillary thereto as the Government of Uttarakhand may consider appropriate. However, such amendments will be made applicable with prospective effects only.

25. DISAMBIGUATION :

Principal Secretary / Secretary to Government of Uttarakhand, Department of Energy will be vested with powers to amend/ relax/ interpret provisions under the policy in consultation with the concerned Government Departments/Agencies.

26. APPLICABILITY :

The policy and incentive will be effective from the date of notification of this Policy in the Official Gazette of Uttarakhand Government and this policy will remain in operation till the Government notifies the new policy or this policy is revised. All the projects awarded within this period will be governed by this policy.

The SHP allotted under this policy will be on Build, Operate & Transfer Basis (BOT). The BOT period will be 40 years (including 5 years construction period & 35 years concession period). The BOT period will start from the date of signing of Implementation Agreement of the project. At the end of the BOT period the

absolute ownership of the hydro power project along with land, power house, switchyard, power evacuation system & allied equipment will automatically stand transferred to the State Government or any agency notified by the State Government free of cost and free of all encumbrances. For giving effect to this policy, necessary amendments in various enactments, wherever necessary, will be expeditiously undertaken by the concerned departments.

Dr. Umakant Panwar
Secretary

CONSTITUTION OF EMPOWERED COMMITTEE**Composition of Empowered Committee :**

The Empowered Committee of Administrative Secretaries for according approvals/ clearances is constituted as under:

- | | | |
|-----|--|-------------------|
| 1. | Chief Secretary, Government of Uttarakhand | - Chairman |
| 2. | Additional Chief Secretary, GOU | - Vice Chairman |
| 3. | Principal Secretary/ Secretary, Dept. of Energy, GOU | - Member |
| 4. | Principal Secretary/ Secretary, Dept. of Finance, GOU | - Member |
| 5. | Principal Secretary/ Secretary, Dept. of Irrigation, GOU | - Member |
| 6. | Principal Secretary/ Secretary, Dept. of Forest, GOU | - Member |
| 7. | Principal Secretary/ Secretary, Dept. of Industry, GOU | - Member |
| 8. | CMD/MD, Uttarakhand Power Corporation Limited. | - Member |
| 9. | CMD/MD, Uttarakhand Jal Vidyut Nigam Limited. | - Member |
| 10. | CMD/MD, PTCUL | - Member |
| 11. | Managing Director, UIPC | - Member |
| 12. | Additional Secretary, Dept. of Energy, GOU | - Convener |

The Committee may co-opt other Principal Secretaries /Secretaries/State Government officials from various Departments and experts as and when required (e.g. Principal Secretary, Local Bodies and Rural Development etc.) in respect of projects in their respective jurisdiction. The Empowered Committee will also oversee implementation of this Policy by the Departments/ Agencies.
