

Shram Shakti Bhavan, New Delhi

Dated 14th December 2009

OFFICE MEMORANDUM

Subject: Revised mega power project policy.

Policy guidelines for setting up of mega power projects were last revised and issued vide this Ministry's letter of even number dated 2nd August, 2006. The Government of India has modified the Mega Power Policy to smoothen the procedures further. The modified Mega Power Policy is as follows:

- (i) The power projects with the following threshold capacity shall be eligible for the benefit of mega power policy:
 - (a) A thermal power plant of capacity 1000 MW or more; or
 - (b) A thermal power plant of capacity of 700 MW or more located in the States of J&K, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura or
 - (c) A hydel power plant of capacity of 500 MW or more
 - (d) A hydel power plant of a capacity of 350 MW or more, located in the States of J&K, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura;
 - (e) Government has decided to extend mega policy benefits to brownfield (expansion) projects also. In case of brownfield (expansion) phase of the existing mega project, size of the expansion unit(s) would not be not less than that provided in the earlier phase of the project granted mega power project certificate.
- (ii) Mandatory condition of Inter-State sale of power for getting mega power status has been removed.
- (iii) Goods required for setting up a mega power project, would qualify for the fiscal benefits after it is certified by an officer not below the rank of a Joint Secretary to the Govt. of India in the Ministry of Power that (i) the power purchasing States have constituted the Regulatory Commissions with full powers to fix tariffs and (ii) power purchasing states shall undertake to carry out distribution reforms as laid down by Ministry of Power.

Contd....

- (iv) Mega Power Projects would be required to tie up power supply to the distribution companies/utilities through long term PPA(s) in accordance with the National Electricity Policy 2005 and Tariff Policy 2006, as amended from time to time, of Government of India.
 - (v) There shall be no further requirement of ICB for procurement of equipment for mega projects if the requisite quantum of power has been tied up or the project has been awarded through tariff based competitive bidding as the requirements of ICB for the purpose of availing deemed export benefits under Chapter 8 of the Foreign Trade Policy would be presumed to have been satisfied. In all other cases, ICB for equipments shall be mandatory.
 - (vi) The present dispensation of 15% price preference available to the domestic bidders in case of cost plus projects of PSUs would continue. However, the price preference will not apply to tariff based competitively bid project/s of PSUs.
3. This issues with the approval of Secretary (Power)

Sd/-
(Puneet K Goel)
Director (IPC)

To

Principal Secretary/Secretary(Energy) of all States/UTs.

Copy to : i) Chairman, CEA., ii) CMDs of all PSUs of MOP

Copy for information to:-

PS to MOP / PS to MOS (P) / PS to Secretary(P) / Sr. PPS to AS(AK) / PPS to AS(GBP) / All Joint Secretaries/Directors in the Ministry of Power, Dir(PIB), MOP.

Copy also to Cabinet Secretariat, New Delhi.

Copy for putting on website of Ministry of Power to NIC, MOP.

Sd/-
(Puneet K Goel)
Director (IPC)