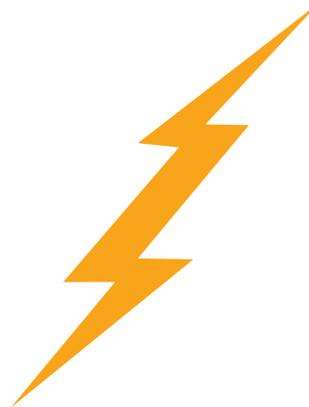


UJVN

**Policy for the development
on small Hydropower upto 25MW in
Uttaranchal**



generating power for the generation



generating power for the generation

1. SCOPE FOR SMALL HYDROPOWER DEVELOPMENT IN UTTARANCHAL

Uttaranchal has a hydropower potential of the order of 15,000 MW against which only about 1124 MW has been harnessed so far. The Government of Uttaranchal (GOU) has decided to encourage generation of power through small hydropower sources of energy, and has framed a policy so that the development of this sector serves as an engine to achieve the objective of promoting the all-round development of the region.

This policy shall be in operation from the date of its publication as notified by Government Order. All projects awarded within this period under this policy will be governed by this policy for their entire duration.

All Hydropower projects/stations estimated to have an installed capacity of upto 25 MW shall be eligible under this policy. The identified potential at present for further small hydropower (SHP) projects ranging in capacity upto 25 MW is about 254 MW at 47 identified locations as at Annexure A.

2. PARTICIPATION & PREQUALIFICATION

Uttaranchal invites any non-GOU agency to bid for identified projects for the development of this sector. These will be termed as Independent Power Producers (IPP). There shall be a pre-qualification by the GoU of the bidders for the projects in the state. Based on the balance sheets, annual reports and other reported evidence of financial and technical capacity, the applicants will be graded and



listed. The weightage to be given to financial capacity, technical capability, past experience and other relevant attributes of the applicants, the sub-categories of these attributes to be evaluated and their inter-se weightage, the guidelines for evaluation and the passing score on attributes/in aggregate required for pre-qualification shall be specified in the bid documents inviting bids for pre-qualification.

3. PROJECTS

3.1 The list at Annexure A identifies projects available for development with indications of estimated capacities, and for which development of pre-feasibility studies is in progress. The Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL) will undertake to prepare the pre-feasibility studies in a time bound manner. The evacuation requirements including details of nearest sub-station will be specified in the pre-feasibility studies.

The projects shall be offered for a period of forty years from the date of the award at the end of which they shall revert to the Government of Uttaranchal or extended further on mutually agreed terms, as per the decision of the Government of Uttaranchal.

4. PROCESS OF ALLOTMENT

4.1 The projects shall be advertised in order to seek bids. Applications in response to the advertisement should be accompanied by a non-refundable draft of Rs. 1,00,000 payable to UJVNL.

4.2 All bidders will be subject to pre-qualification as provided in Paragraph 2.

4.3 All pre-qualified bidders will be provided with the pre-feasibility studies prepared by the UJVNL.

4.4 Bids shall be invited for premium payable upfront to the Government of Uttaranchal per MW in the case of each project/site subject to a minimum threshold premium of Rs. 5 lakhs per MW. Bids received beneath the threshold premium will be rejected.

4.5 Projects will be allotted to the bidders making the highest bids. The successful bidder shall be required to deposit the premium other amount due within a reasonable period of receiving intimation regarding his bid being successful. The exact time period shall be specified in the bid documents for invitation of bids. The successful bidder may be permitted to provide 50% of the bid amount in excess of the threshold as a bank guarantee

encashable at the time of actual or scheduled financial closure, whichever is earlier

4.6 If more than one bidder bids the identical premium per MW for any site/station, a gradation list based on pre-qualification criteria described above shall be the basis for allotment.

4.7 In case any project fails to attract any acceptable bid despite being bid out at least twice, the GOU may consider allotting the site to a GOU agency.

5 SALE OF POWER

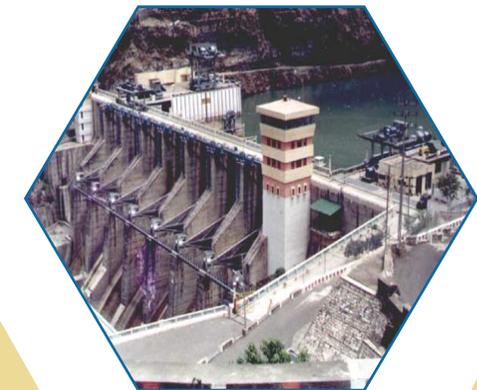
The IPP/ bidder can contract to sell power to any HT consumer within Uttaranchal, to local rural grids within Uttaranchal which are not connected to UPCL's main grid, to rural power distribution entities (i.e. those which sell power to predominantly rural areas), to any consumer outside the state, or to the Uttaranchal Power Corporation Ltd. (UPCL). Sales to the UPCL will be mutually negotiated. All sales will be approved, as may be required, by the Regulator.

6. WHEELING CHARGES

6.1 The infrastructure and facilities of UPCL will be made available to all IPPs for wheeling the generated energy.

6.2 Wheeling charges for wheeling the generated energy to third party consumers or outside the State will be as determined by the ERCU. However, for those projects which are bid out prior to the determination of this rate by the ERCU, the wheeling charge (for the entire concession period) would be 10% of net energy supplied at the interconnection point.

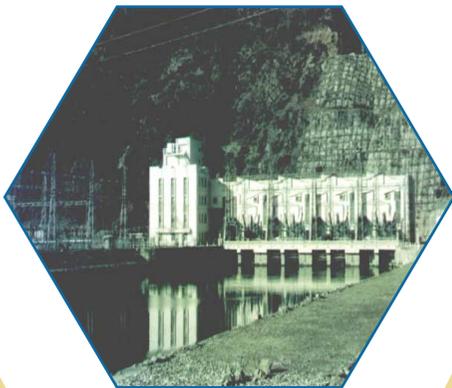
6.3 No wheeling charges are applicable in cases of sales to the UPCL or for sale to rural power distribution entities or local rural grids within Uttaranchal.



6.4 The UPCL will prepare a standard wheeling and banking agreement draft consistent with this policy statement. This will be made available prior to any bidding for projects.

7 GRID INTERFACING/TRANSMISSION LINE

The IPP shall be responsible for laying lines for connectivity to the nearest grid substation at the appropriate voltage, which will normally be 132 KV or 33 KV depending on the capacity of the power station and the distance from the power station to the Grid substation. The UPCL will determine the specifications of the evacuation facilities required, including the inter-connection point and voltage and the same would be specified in the project information document provided with the application form. On specific request from the IPP, the



UPCL will carry out the implementation of evacuation facilities at charges to be mutually negotiated.

8. BANKING

Developers can avail of the facility of banking of energy within fixed period spans of 2 months, which would be specified in the standard wheeling and banking agreement. The energy banked into the grid by the IPP shall be monetised at “the average pooled purchase price paid by UPCL” during the month of banking-in (into the UPCL system). The points of banking-in Would be the inter-connection point at which the developer would feed in the energy into UPCL system. The amounts so credited to the developer for the banked-in energy would be set off against the monetised value of the banked out energy. The monetisation of the banked out energy shall be reckoned on the basis of the average pooled purchase price of electricity by the UPCL during the months of banking-out (of UPCL system). However, in addition, the loss incurred by UPCL on account of over-drawal during peak hours compared to input into the system during the peak hours will be compensated by charging the IPP the average differential between the rate for HT consumers in the State for peak and non-peak hours for the net overdrawal against peak power banked. The banked out energy shall be deemed

to have been delivered at the interconnection point. The developer would be required to pay the difference between monetised value of the banked-in and the banked-out energy and the peak period differential adjustment within a period of 30 days failing which a penal interest will be levied on the outstanding amount. Similarly in case of a balance to the credit of the developer, it shall be payable by UPCL within 30 days with a provision of penal interest on overdue settlement.

9. DESPATCH

Priority will be accorded for despatch into the grid by these IPPs ahead of merit order and any other source of supply, subject to any overall restrictions on the proportion of power that may be bought from such sources, which may be imposed by the Government/Regulator in the interest of keeping the overall cost of power purchase within reasonable limits.

10. ROYALTY

10.1 On all projects governed by this policy, royalty payment for the first 15 years of operation would be exempted in all cases of sale of power outside the State or to the UPCL or to consumers in rural areas not served or inadequately served by the concerned existing distribution licensee. In case of sales to other parties, a royalty of 12% of net energy wheeled (after deducting wheeling charges) or supplied directly without wheeling would be charged. Beyond the 15th year of operation, a royalty of 18% of net energy wheeled or supplied directly without wheeling will be made available to the GOU free of charge by all IPPs.

10.2 In the event of third party sale, electricity duty as per law will apply.

10.3 No further levies, taxes, charges other than those stipulated in this policy would be levied by the State Government and its agencies or the Regulator on the IPPs governed by this policy, for a period often years from the date of this policy.

11. INCENTIVES BY STATE GOVERNMENT

No entry tax will be levied by the State Government on power generation, transmission

equipment and building material for projects.

12. TRANSFER OF ALLOTMENT

Free transfer of shares will be permitted in the companies allotted projects as per the procedure laid down in this document.

13. TIME LIMIT FOR EXECUTING THE PROJECT

13.1 IPP shall prepare and submit the detailed project reports and all other information and make the necessary applications for obtaining the statutory clearances and approvals of the state and central governments and the regulator (as applicable) after carrying out the required confirmatory surveys and investigations as per prevailing regulations/norms within 32 months from the date of allotment. The IPP shall be responsible for ensuring completeness of all submissions to concerned authorities. Failure to do so within the stipulated time frame shall be treated as non-compliance with the requirement stipulated in this paragraph.

13.2 The IPP shall achieve the financial closure within 12 months from the 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 and the loan documentation being complete.

13.3 The project shall be made operational within 48 months from the date of receipt of all statutory approvals and clearances by the IPP. Incentives for early commissioning will be extended.

13.4 The failure to reach any of the two milestones mentioned in 13.1 & 13.2 above will result in automatic cancellation of the allotment of the site, and forfeiture of upfront premium amounts. No compensation would be payable to the IPPs in such instance.

13.5 Failure to reach the milestone as in 13.3 above would result in a liability to pay a penalty by the IPP to the GoU, computed at the equivalent royalty revenue that , would have been payable to the GoU had the project met the milestone. In case the project enjoys an exemption from royalty in; the initial years, the duration of royalty exemption would be reduced by the period of delay.

13.6 The IPP may surrender the allotment-backup to GoU if on completion of the DPR, within the stipulated time-frame, it has grounds to establish

that the project is not techno-economically viable. On such surrender, the bank guarantees provided by the IPP in lieu of upfront premium would be released and any premium amount paid in excess of the threshold premium of Rs. 5 lakhs/MW, would be refunded to the IPPs by the GoU.

14. ROLE OF UPCL AND UJVNL

The UPCL will be responsible for preparing the standard wheeling and banking agreement draft (Para 6), determination of evacuation requirements (Para 7), and overseeing banking, despatch, and royalty arrangements (Paras 8, 9, 10).

The UJVNL will be responsible for preparation of pre-feasibility studies (Para 3.1), carrying out the bidding process (Para 4) and monitoring of the development of allotted projects/ delivery as per time schedules (Para 13).

The UJVNL will not participate in the bidding process. However, after allotment, upon request from the IPP, the UJVNL may consider participating as a minority partner (with less than 50% shareholding interest) or perform certain tasks for the bidder on a consultancy basis. Such participation would be independently negotiated between UJVNL with the IPP and is not mandatory on the part of UJVNL.



15. REGULATORY OVERSIGHT

Aspects of this policy that require Regulatory approvals from the concerned regulator, would be subject to such approvals being given and would apply in the manner approved by the Regulator.

16. DUE DILIGENCE

The applicant/IPP shall be responsible for carrying out due diligence with regard to his compliance responsibilities under various applicable Central/ State/Other laws, rules and regulations, and ensure compliance with the same.

17. POWER TO RESOLVE DIFFICULTIES

In the event of a dispute, the interpretation of these guidelines made by the Government of Uttaranchal shall be final. In all such matters, to the extent practicable, an opportunity shall be given to affected stakeholders to be heard before the Government takes any decision.

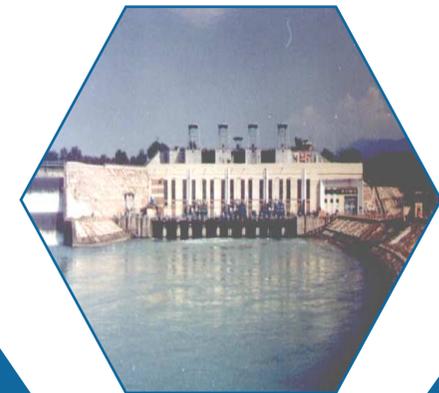
The way forward

The Government of Uttarakhand has earmarked following project sites for allocation to private developers. The Government shall be advertising and inciting participation for developing these projects in lots through sequence of RFQs and RFPs.

Annexure A

Small Hydro Sites (upto 25 MW) Available for Allotment

S.No.	Project	District	Estimated Potential (MW)
1.	Yamuna-I	Uttarkashi	3.6
2.	Laxmanganga	Chamoli	4.4
3.	Birhiganga-II	Chamoli	4.4
4.	Pilangad-II	Uttarkashi	4.0
5.	Khairna	Almora	20.0
6.	Balganga-I	Tehri	5.0
7.	Quarav	Almora	20.0
8.	Balighat-Vinola	Champawat	15.0
9.	Bernigad	Uttarkashi	6.5
10.	Balganga-II	Tehri	7.0
11.	Bhilanga-III	Tehri	8.4
12.	Gaurikund	Rudraprayag	13.2
13.	Phata-Vyum	Rudraprayag	9.7
14.	Nandakini-III	Chamoli	8.0
15.	Birhiganga-I	Chamoli	5.4
16.	Mandakini-I	Chamoli	7.5
17.	Mandakini-II	Chamoli	8.0



S.No.	Project	District	Estimated Potential (MW)
18.	Mandakini-III	Chamoli	8.0
19.	Pabar	Dehradun	5.2
20.	Jimbagad	Pithoragarh	8.2
21.	Tons	Uttarakashi	14.4
22.	Warsimha	Almora	12.0
23.	Ramwada	Rudraprayag	21.0
24.	Jimigad	Pithoragarh	1.35
25.	Baram	Pithoragarh	1.0
26.	Bhadeli	Pithoragarh	1.0
27.	Jakhula	Pithoragarh	0.7
28.	Rilamgad	Pithoragarh	2.0
29.	Harsila	Bageshwar	0.7
30.	Lamb Goan	Tehri Garhwal	0.4
31.	Dhatirmouli	Tehri Garhwal	0.4
32.	Rataladhara	Tehri Garhwal	0.4
33.	Jalkurgad-II	Tehri Garhwal	2.0
34.	Algad	Tehri Garhwal	2.0
35.	Bhilagna Stage-III	Tehri Garhwal	3.0
36.	Balganga	Tehri Garhwal	0.9
37.	Rigali	Tehri Garhwal	1.0
38.	Dinagad	Uttarakashi	3.0
39.	Paligad	Uttarakashi	3.0
40.	Jalkurgad-I	Uttarakashi	0.5
41.	Songad	Uttarakashi	1.0
42.	Kotigad	Uttarakashi	2.0
43.	Andrikhad	Uttarakashi	1.0
44.	Kotima	Uttarakashi	0.5
45.	Lashkar Gad-I	Rudraprayag	3.0
46.	Lashkar Gad-II	Rudraprayag	3.0
47.	Garud Ganga	Chamoli	0.6





generating power for the generation



UTTARANCHAL JAL VIDHYUT NIGAM LTD.

GMS Road, Dehradun - 248001

Phone : 91 - 135 - 761485, 760726

Fax : 91 - 135 - 761549