



उत्तराखण्ड राज्य



Policy for Development of Hydro Power Projects (Above 100 MW)



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01

SCOPE AND OBJECTIVES

The State of Uttarakhand has an identified Hydro power potential of about 25000 MW. Out of this generating capacities of about 3987 MW have already been established. Projects totalling to a capacity of about 13449 MW are in the pipeline.

The Government of Uttarakhand (GoUK), recognising the fact that the hydro power potential of the state needs to be harnessed to the maximum in the shortest possible time for the economic development of the state and for meeting the energy demand of the country, has accorded top priority to this sector. As a result thereof, a number of Projects in Central sector, State sector and Private sector are being set up in the State. A policy for private sector investment in the Hydropower projects ranging for 0 to 100 MW has already been announced on 19-10-2002. There are a number of sites where hydropower project of the capacities larger than 100 MWs can be established. To attract private investment for the development of such projects and as a sequel to the policy of 19-10-2002, the Government of Uttarakhand has decided to announce this policy.



02

PARTICIPATION AND OPERATIVE PERIOD

- 2.1 This policy shall be in operation from the date of its publication as notified by Government order. Projects, above the capacity of more than 100 MW offered by GoUK for private investment will be eligible under this policy and will be governed by this policy for their entire duration.
- 2.2 The GOUK will invite proposals from private sector investors for development of identified sites. The preliminary project profiles of the identified sites will be made available to the investors before the process of competitive bidding.



03

PRE- QUALIFICATION

For each identified site, which will be notified by the GoUK from time to time, there shall be a pre-qualification selection of the bidders based on their past experience and financial and technical capacity. The applicants qualifying in the pre-qualification selection will be eligible for competitive bidding. Each attribute set for pre-qualification will be evaluated. Guidelines for evaluation and the passing score on attribute required for pre-qualification shall be specified at the time of inviting proposal for pre qualification.



04

PROCESS OF ALLOTMENT

- 4.1 Project identified by the Government of Uttarakhand shall be advertised for inviting international bids. All interested parties will be subject to pre qualification as provided in Para-3, above.
- 4.2 Application should be accompanied by a non-refundable draft of Rs.5.00 lacs, payable to GoUK or its designated agency.
- 4.3 Bids shall be invited over a minimum premium, payable upfront to the Government of Uttarakhand, at the rate of Rs. 5 (Five) Crores per project. Project will be allotted to bidders making the highest bid over and above the upfront minimum premium. Bids below the minimum premium shall not be considered.
- 4.4 Project will be allotted to the highest bidders. The successful bidder shall be required to deposit the minimum premium and 50% of the bid amount in excess of the minimum premium within the period fixed by the Government in this behalf. For the remaining fifty percent (50%) of the bid amount in excess of the minimum premium, the bidder may be permitted to provide a bank guarantee encashable at the time of actual or scheduled financial closure, whichever is earlier.
- 4.5 If there are two or more identical bids which emerge as the best bids for any project, allotment will be made on the basis of the average score obtained in valuation of the pre qualification among the identical bidders.



- 4.6 After the allotment the allottee/developer shall have to sign a project development agreement with GoUK within the period fixed by GoUK(Three month) for preparation of detailed project report (DPR) within a prescribed time frame. After the DPR is accepted/approved by GoUK, the allottee/ developer shall have to sign an implementation agreement with GoUK which shall interalia include time schedule for getting necessary legal/administrative/technical approvals, financial closure, construction/commissioning etc. of the project.
- 4.7 In the events of inability of preparing a viable DPR or getting legal/administrative/technical approvals after the completion of the above mentioned fixed period the project will revert back to GoUK and the allotment shall be treated cancelled automatically. In such a case no compensation will be payable to the allottee and the amount paid by allottee shall vest in the GoUK.



05

PROJECT ALLOTMENT

- 5.1 The Agreement shall remain in force up to a period of 40 years from the Scheduled Commercial Operation Date (SCOD) of the project, unless terminated earlier in accordance with the provisions of the agreement.
- 5.2 The project assets would be maintained by the developer in a condition that would ensure a residual life of the project at the rated capacity for at least 30 years at any point of time. During the 10th, 20th, 30th, and 40th years of operations as well as during the last year of allotment, Govt. of Uttarakhand or one of its appointed agencies would carry out a mandatory inspection of the project to ensure that the project assets are maintained to the required standards to ensure the specified generation capability and residual life of the plants.
- 5.3 If such inspections find that the plant capacity and/or life are being undermined by inadequate maintenance, the GoUK would be entitled to seek remedial measures from the concessionaire.

If the concessionaire fails to comply with the requirements, the GoUK would have the right to terminate the concession by payment of compensation to be computed as follows. The termination compensation value would be based on estimated net cash flows to equity shareholders for the next ten years or residual period of concession, whichever is lesser, discounted at a suitable rate. Both the estimate of cash flows as well as the discount rate would be approved by the Uttarakhand Electricity Regulatory Commission (UERC) which will also factor



the costs of refurbishment, renovation, repairs, etc. required to bring the project assets to the standards specified.

5.4 All projects would need to conform to the R&R policy of the GoUK.

5.5 Project allotment transfer/ transfer of promoter equity/ change in company's shareholding:

5.5.1 The Principal Promoters with the prior approval of State Government are allowed to sell/ transfer their equity up to 100% during the implementation period of the Project in the name of any third party which is possessing equivalent or higher technical and financial strengths, subject to the fulfilment of the below mention terms and conditions. However, there will be no restriction in respect of transfer of the project after commissioning.

- i. A detailed proposal showing competency in terms of Financial and Technical credential of the New Entity willing to acquire the project, is submitted for consideration of the Government by either of the parties, along with firm letter of consent and valid resolution duly passed The Board of Directors of both the parties, shall ensure that all liabilities and responsibilities assigned in favour of the allottee shall be acceptable to the New Entity.
- ii. An undertaking to the effect that all liabilities as well as payments due in favour of the allottee company are duly accepted by the new entity.
- iii. The New Entity should possess adequate financial as well as technical competencies in such a manner that the credential of the New Entity should meet the strengths required for pre-qualification as per the allotment terms and conditions.

5.5.2 For allowing change/transfer of equity of principal promoter, a fee @ Rs 50,000/- per MW subject to maximum of Rs 50 Lacs is to be deposited at the time of signing Tripartite Agreement (TA)/ Supplementary pre implementation Agreement (SPIA) / Supplementary Implementation Agreement (SIA) for transfer of project along with all liabilities/ responsibilities in the name of new entity.



5.5.3 If any Project developer changes / dilutes equity participation of the constituent member(s) of the company or changes the name of the Company / Limited Liability partnership(LLP) firm / Body corporate without the prior approval of the Government, a penalty at the rates described below shall be levied. Accordingly, a supplementary PIA/IA/TA to this effect shall be signed within two months from the conveyance of approval. Project developer shall intimate to the Government about the above changes as soon as possible on priority within 6 months.

Sr. No.	Description	Penalty Charges
1	For any equity change without the prior approval of the Government	Rs.20,000 per MW subject to maximum of Rs. 20 Lakh.
2	For change of name of the Company/ Firm without the prior approval of the Government	Rs.20,000 per MW subject to maximum of Rs. 20 Lakh
3	For change in equity as well as change in name of the Company/ Firm without Prior approval of the Government	Rs. 20,000 per MW subject to maximum of Rs. 20 Lakh

5.5.4 The process of transfer of allotment/promoters equity in the company/change in shareholding of the company shall be completed within 02 months from the date of receipt of the request from the project developer.

All the other provisions of the Project Development Agreement/ Implementation Agreements/ Supplementary Implementation Agreements and Policies shall remain unchanged.



06

SALE OF POWER

The developer of the project will have the right to sell the power outside the State. No agency of the State will guarantee purchase of power. If anytime the state requires additional power, the concerned organisation of the State, may purchase electricity from the project on terms and conditions to be decided mutually by the developer and the concerned agency.



07

ROYALTY

- 7.1 Twelve percent (12%) of electricity generated shall be made available free of cost to the State during the entire life of the Project. This free power will be in addition to the amounts received at the time of allotment.
- 7.2 Completion of the project prior to the scheduled date as contained in the implementation agreement will attract incentive to the developer. This incentive will be decided on the basis of a rebate of one percent (1%) per year on the 12% free power for each year of earlier completion. Likewise delay in completion will also entail penalty of one percent (1%) for one year over and above the 12% free power for each year of delay. However, in case the delay in completion is for more than three years the allotment of the Project may be cancelled.
- 7.3 Electricity duty shall be applicable as per law.



08

POWER EVACUATION

The developer may build his own evacuation system or get the same constructed through the Transmission/Distribution Corporation of the State/Power Grid Corporation of India. If the evacuation system is constructed by the undertaking of the State, the same will be developed as a commercial venture. In this case or in the case of utilization of existing evacuation system, wheeling charges, as determined by the Central Electricity Regulatory Commission or Uttarakhand Electricity Regulatory Commission, will be payable by the developer to the State Corporations/Central utility.



09

DISPLACEMENT/ REHABILITATION

The developer of the project shall be liable for the rehabilitation of the displaced persons from the project area and the cost of the same shall be included in the project cost. The State Government will provide necessary assistance to the developer in implementation of R&R Plan.



10

INFRASTRUCTURE

The necessary infrastructure for the construction/development of the project will be part of the project cost and will be developed by the developer.





11

INCENTIVE FROM STATE GOVERNMENT

No entry tax will be levied by the State Govt. on building material, power generation/transmission equipment during construction of the project.





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OTHERS

- 12.1 State Govt. will provide necessary assistance for required approvals/clearances and other related matters. For clearances/approvals from the State Government and its concerned agencies, an empowered committee or a nodal agency will be nominated.
- 12.2 If any report/data etc. relating to the project are made available to the developer by the State Government Department/Corporations, the cost incurred in preparation of such documents will be paid by the developer



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MISCELLANEOUS

A. CAPACITY ENHANCEMENT CHARGES

For the hydro projects allotted prior to formation of Uttarakhand State and after formation of Uttarakhand State, the capacity enhancement charges shall be Rs. 1.00 lakh per MW for the Enhanced Capacity.

The above provision will be applicable to only those projects where enhancement of capacity will be approved after this notification. Further, the above provision shall not be applicable to the projects where the revised capacity has already been approved.

B. ESTABLISHMENT OF CAPTIVE STONE CRUSHER

The project developer shall be allowed to use the muck /mineral generated during the execution of the project work and to set up captive stone crusher in project area as per the rules of Uttarakhand Mining Department provided the project developer adheres to the prevailing environment safeguard. The royalty on the usage of such mineral shall be payable to the State Government/Concern Department as per rules. The Project developer shall be required to follow environment related regulations concerning disposal of muck and soil etc.

The project developer shall use such material for the project as may be found suitable for the construction and the remaining material shall be allowed to be used by other department of the State subject to prevailing rules and regulations.

The project developer shall ensure that the material excavated from the site shall be dumped in the area duly approved by the Ministry of Environment, Forest & climate Change (MoEF&CC), Government of India/State Pollution Control Board.”





