

## **POLICY FOR PROMOTION OF NEW AND RENEWABLE ENERGY SOURCES**

Whereas with a view to promote the power generation from New and Renewable Energy sources, Government of Bihar formulated a policy as "Policy Guidelines for Private Sector Participation for Developing Non-conventional Energy Sources" in 2003, which ended in 2008.

And whereas, Bihar has considerable potential for New and Renewable Energy sources, which is yet to be harnessed, the Government of Bihar resolved to issue a revised policy for promotion of power generation from various sources of New and Renewable Energy.

### **1. Title and enforcement**

- 1.1 This Policy will be known as "**Policy for promotion of New and Renewable Energy Sources – 2009**".
- 1.2 The policy will come into operation with effect from 1<sup>st</sup> April 2009. The government may modify this policy, if considered necessary. Subject to such modification, this policy will remain valid for a period of five years from its notification.

### **2. Scope & Coverage**

- 2.1 The policy will be applicable for the development of all sectors of New and Renewable Energy sources including Biomass & biogas based projects, cogeneration projects, mini/ micro/ small hydro projects (upto 25 MW), wind power project, solar projects, Municipal solid waste based projects and any other renewable resource based project.
- 2.2 This policy will be applicable to all New and Renewable Energy projects that have not been commissioned and are yet to be operational.
- 2.3 The policy shall be applicable for any industry, institution, private agency, partnership firm, consortia, panchayat, co-operative or registered society desirous of installing and generating electricity from New and Renewable Energy sources.

### **3. Land**

- 3.1 Government land in the industrial area, if available and identified by the developer, may be leased in accordance with Government of Bihar policy for the allotment of land.
- 3.2 The project developer may purchase private land directly from the owners, on their own.
- 3.3 Use of agricultural land may be allowed for non-agricultural purposes.

### **4. Implementation of New and Renewable Energy projects**

#### **4.1 Project approval:**

- 4.1.1 The project developer shall be required to submit the application to State Investment Promotion Board (SIPB), Department of Industries, Government of Bihar along with a pre-feasibility report and applicable processing fee for project & site approval. The nodal agency for evaluation and recommendation of the application for such projects shall be Bihar Renewable Energy Development Agency (BREDA), except for Mini/ Micro/ small hydro projects for which Bihar State Hydro Electric Power Corporation (BHPC) shall be the nodal agency.
- 4.1.2 The project developers, who have received the project approval from SIPB without specifying the site/ location of the proposed project, shall be required to identify the site/

location and duly inform about the same to SIPB for approval within a period of one (1) month from the date of notification of this policy.

**4.2 Grid interfacing and evacuation arrangement:**

- 4.2.1 The project developer shall necessarily offer to supply to Bihar State Electricity Board (BSEB)/ Distribution Licensee a minimum of 25% of power generated from the respective New and Renewable Energy project. However, the acceptance of such offer for supply of power shall be at the sole discretion of BSEB/ Distribution Licensee.
- 4.2.2 The sale of power from such generation project to the grid or using the grid for wheeling of power to the third parties will require the project developer to design and construct the system at its own cost, such that interfacing with the State grid/ BSEB grid is done as per the later's specifications & requirements/ Indian Electricity Grid Code/ Bihar Grid Code as applicable and amended from time to time.
- 4.2.3 The entire project cost of transmission system for evacuation of power to the nearest grid/ sub-station including all metering & protective instruments shall be borne by BSEB, which shall be reimbursed to BSEB by the State Government, provided that the project developer offer to supply BSEB/ Distribution Licensee atleast 50%, subject to a minimum of 2 MW, of power generated from New and Renewable Energy projects. Else the entire project cost of transmission system for evacuation of power to the nearest grid/ sub-station including all metering & protective instruments shall be borne by the project developer.

**4.3 Sale/ wheeling of Power**

- 4.3.1 The project developer may sell the generated power to grid to the State grid/ BSEB after the captive consumption, if the power available is more than 1 MW.
- 4.3.2 The project developer may sell to third party/ utilize generated power at the place of generation or at any other place for the captive use, through BSEB network on payment of applicable Open Access charges, surcharges & additional surcharge and any other charges as approved/ notified by Bihar Electricity Regulatory Commission (BERC) and as per BERC (Terms & Conditions for Open Access) Regulation, 2006 as amended from time to time, provided that the third party must be an HT consumer procuring atleast 1 MW power. The Project Developer shall execute an Open Access Agreement with the BSEB for availing open access and wheeling of such power.
- 4.3.3 The sale of electricity by the New and Renewable Energy project shall be governed by the Power Purchase Agreement (PPA) executed between Project Developer and BSEB, as prescribed by BERC.

**4.4 Project Monitoring:**

- 4.4.1 All New and Renewable Energy projects approved after coming into operation of this policy shall be required to adhere to the following schedule:

Activity milestones	Time period from the date of SIPB approval
Financial closure and placement of firm order for purchase of plant and machinery for the project and payment of requisite advance or opening of irrevocable letter of credit with suppliers/ contractors	8 months
Receiving of plant and machinery for the project at site	18 months
Commissioning and commercial operation	24 months

4.4.2 All New and Renewable Energy projects approved before coming into operation of this policy, but not yet commissioned shall be required to adhere to the following schedule:

Activity milestones	Time period
Receiving of plant and machinery for the project at site	18 months from the date of coming into operation of this policy or from the date of SIPB approval (whichever is earlier)
Commissioning and commercial operation	24 months from the date of coming into operation of this policy or date of commissioning as mentioned in the application and as approved by SIPB (whichever is earlier)

4.4.3 All New and Renewable Energy projects approved by SIPB, shall be required to submit to BREDA/ BHPC, the half yearly reports incorporating the copies of the permits/ clearances/ consents received from various departments/ authorities, as applicable and documentary evidence for the achievement of the activity milestones mentioned at Clause 4.4.1 and 4.4.2 above. The half yearly report shall also include details and explanations on the changes in plant capacity, process or any other relevant information which may affect the date of commissioning for project.

4.4.4 Provided that SIPB may extend the time schedule for commissioning for a maximum period of 6 (six) months and provide the new schedule if:

- a) No other project developer has been approved/ assigned for the reviewed project.
- b) The project developer makes an application to SIPB giving convincing reasons for delay in the completion of the project at least 30 days before the expiry of the prescribed period, as under para 4.4.1 and 4.4.2.
- c) The reasons given by the project developer in the application are found convincing by SIPB.

**5. Incentives/ applicability**

The incentives/ applicability to all New and Renewable Energy projects are as under:

- 5.1 All New and Renewable Energy projects will be entitled for benefits available, as notified from time to time, under the policies of the Central/ State government.
- 5.2 All New and Renewable Energy projects shall be entitled to avail the facilities covered under the Industrial Incentive Policy, 2006 and such other policies of the Govt. of Bihar, as amended from time to time.
- 5.3 BREDA/ BHPC will provide necessary information and assistance regarding identification and selection of feasible sites.
- 5.4 The electricity generated from the New and Renewable Energy projects shall be exempted from electricity duty.
- 5.5 Entry tax on New and Renewable Energy source devices/equipment/machinery shall be exempted.

- 5.6 Loans as per guidelines and incentives/ schemes of the Government of India and/ or Government of Bihar, India Renewable Energy Development Agency (IREDA) and Ministry of New and Renewable Energy, Govt. of India (MNRE) will be offered/ available for proposal of power generation through New and Renewable Energy sources.
- 5.7 In case of power generation from mini/ micro/ small hydel schemes, project developer shall be allowed to use canal water-fall or river water flow subsequent to the approval and agreement with Water Resources Department, Government of Bihar. However, the water will be released based on irrigation demand.

## **6. Special concessions/ applicability for Biomass based projects**

- 6.1 In order to ensure availability of biomass and sustainability of such projects, having aggregate capacity of more than 2 MW, SIPB shall not approve any other biomass based project within a radial distance of 25 KM from the approved project. However, SIPB reserves the right to reduce the above area, while keeping in view the availability of biomass in that area.
- 6.2 The project developer shall carry out the biomass assessment in the region before finalizing the capacity of the project and submitting the proposal for approval to the SIPB.
- 6.3 The following shall be applicable for those projects which have been approved before the coming into operation of this policy:
  - 6.3.1 All the projects have to submit a progress report and the current status of the project to the concerned nodal departments i.e. BREDA.
  - 6.3.2 The projects which have been approved before 31<sup>st</sup> December 2008 and have not made any significant progress shall face review of the approval given to them with an objective of allowing other serious promoters in that area to set-up biomass based projects.
  - 6.3.3 Among the approved projects, if there is a conflict of area of biomass which may affect the sustainability of these projects, based on the progress made in the projects, suitable measures will be taken which may include allocation of different biomass area for the less progressed project, review of permission granted if no significant progress has been made etc.

## **7. Renewable Energy Purchase Obligations**

- 7.1 BSEB/ Distribution Licensee shall be committed to procure and supply the power from New and Renewable Energy sources in line with the norms & tariff approved by BERC, as applicable, pertaining to the purchase of power from New and Renewable Energy sources. Due grid strengthening and upgradation in the transmission & distribution system shall be undertaken by BSEB/ Distribution Licensee to the extent of power procured by BSEB/ Distribution Licensee from respective New and Renewable Energy project.
- 7.2 The project developer will be allowed to draw energy for their consumption during maintenance/ shut down period of the project, where BSEB/ Distribution Licensee is procuring power from that generating station, at the rate/ tariff as approved by BERC for such New and Renewable Energy project. However, if BSEB/ Distribution Licensee is not procuring power from that particular generation station, the drawal of energy for their consumption during shut down/ maintenance period shall be at the applicable UI rate (as approved by CERC) plus 5% of maximum UI rate or the applicable rate/ tariff as approved by BERC for purchase of power from such New and Renewable Energy project, whichever is higher.