

Small Hydro Power Policy, 2006 (Generation-Small Hydro and Other Renewable Sources of Energy) with amendment Dated: January, 2006 and 15.05.2018

Sl. No.	Description	Summary
1.	Nodal Agency	HIMURJA
2.	Project Preference	Small Hydro Projects up to 2.00 MW capacity shall be exclusively reserved for the bonafide Himachalis and the Co-operative Societies comprising of the bonafide Himachalis. While allotting such projects up to 5.00 MW, preference will be given to the bonafide Himachalies. Not more than 3 Projects shall be allotted for implementation to an IPP.
3.	Guidelines for Private Investors	<ol style="list-style-type: none"> 1. The applications for the new Projects shall be received after every six months on the basis of advertisements issued by HIMURJA. Those who have already applied on the basis of self identification need not apply again if they so desire. 2. The application shall be accepted on the prescribed format and shall accompany with the, application fee & requisite documents as mentioned in the "check list of the documents to be enclosed" in application format, etc. 3. The application must be complete in all respects, supported with the requisite documents and accompanied with application fee of Rs. 5000/- in the shape of a bank draft payable at Shimla drawn in favour of "Director HIMURJA".
4.	PPA	The Fisheries Department will charge compensation @ Rs. 0.50 lac per KM from Tail Race to weir of the Project. In addition the IPPs will pay Rs. 0.50 lac per MW to the Fisheries Department. It will be mandatory to utilize this amount on the same stream/ nallah or elsewhere and formulate schemes accordingly. However, these provisions shall not be applicable to projects above 5 M.W.
5.	Financial Capability	To setup the plant, the financial capability, minimum assets (both movable & immovable) should not be less than Rs. 10.00 lacs
6.	Processing Fee	<ol style="list-style-type: none"> 1. Furnishing of the Processing Fee (non-refundable) in favour of "Director, HIMURJA" payable at Shimla. The processing fee for Himachali, Cooperative society/Company comprising of the bonafide Himachalis shall be Rs. 25,000/- up to 2 MW and beyond 2.00 MW up to 5 MW @ Rs.25,000/- +Rs. 10,000/- per MW for the capacity exceeding 2 MW. For others, the processing fee shall be Rs. 2.00 lac per Project. 2. Security charges to be taken from the bonafide Himachali/ Cooperative society/Company comprising of the bonafide Himachalis shall be in favour of Director HIMURJA payable at Shimla which shall be as follows:- <ol style="list-style-type: none"> (a) Upto 2 MW Rs. 50,000/- in shape of Bank Guarantee or Rs. 25,000/- in the shape of Demand Draft. (b) Beyond 2MW up to 5 MW Rs. 75,000/- in the shape of Bank Guarantee or Rs.35,000/- in the shape of Demand Draft. (c) In case of others, the security charges will be paid in cash or by way of demand draft @ Rs. 50,000/- per MW. 3. The up-front premium for SHPs above 2.00 MW and up to 5.00 MW shall be charged in the following manner and shall be deposited by the developer on the allotment of the Project and before signing of MOU:

		<p>(a) For New Projects:</p> <ul style="list-style-type: none"> • Upfront premium is exempted for projects up to 2.00 MW. • Rs. 45,000/- per MW above 2.00 MW and up to 5.00 MW with the ceiling of Rs. 75,000/- (Non-refundable) in shape of bank draft in favour of Director, HIMURJA, payable at Shimla. <p>(b) For Projects where Detailed Project Reports (hereinafter referred to as "DPRs") are ready and which were considered for allotment but cancelled after due consideration:</p> <p>Projects up to 5.00 MW capacity Rs. 10,000/- (fixed) + cost of DPR as per norms of Ministry of Non Conventional Energy Sources (hereinafter referred to as MNES)</p> <p>4. Upfront premium, processing charges and other security deposits shall not form part of the Project cost, which shall be borne by the developer out of his own source of income.</p>						
7.	Charges on Private Investors	The Private Investor shall pay all taxes and duties or other levies etc. to the Government of India/Himachal Pradesh Government as per the statutory rules in force from time to time.						
8.	Incentives	The incentives/concessions offered by the MNES/Himachal Pradesh Government would be applicable for all small hydel Projects up to 5.00 MW. The final decision of the actual capacity of the Project shall rest with the Himachal Pradesh Government.						
9.	Additional Charges for already Commissioned project	<p>1. In case of augmentation of capacity of already commissioned Projects by an IPP following capacity addition charges shall be levied, before according the approval by the Government:</p> <table> <tr> <td>(a) 0.50 MW and below</td> <td>Rs. 1 lac</td> </tr> <tr> <td>(b) Above 0.50 MW to 1.0MW</td> <td>Rs. 2 lacs</td> </tr> <tr> <td>(c) Above 1MW</td> <td>Rs. 5 lacs per MW</td> </tr> </table> <p>2. Other charges such as processing fee, security deposits, shall be payable by the IPP in addition to above charges.</p>	(a) 0.50 MW and below	Rs. 1 lac	(b) Above 0.50 MW to 1.0MW	Rs. 2 lacs	(c) Above 1MW	Rs. 5 lacs per MW
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(b) Above 0.50 MW to 1.0MW	Rs. 2 lacs							
(c) Above 1MW	Rs. 5 lacs per MW							
10.	Employment	The Company shall provide minimum 70% employment to the bonafide Himachalis whose names are registered on live register of any employment exchange located in the State of Himachal Pradesh, in respect of all the unskilled/skilled staff and other non-executives as may be required for execution, operation and maintenance of the Project through the local Employment Exchanges or from other than such live register from any where within the state or outside the state, who are bonafide Himachalis or through the Central Employment Cell at Shimla.						
11.	Charges for using Water Mills	If in case Water Mills providing the electrical and mechanical output, the power so generated shall be utilized by the owner for his own captive use or otherwise as permitted by the law. However, such developers are exempted from the payment of 1% development charges for local areas.						
12.	Mandatory Purchase of Power by DISCOM	The entire power generated from the projects having capacity upto 10 MW will mandatorily be purchased by HPSEBL at the HPERC determined tariff. The same shall be applicable to the projects which shall be commissioned after this notification. Exemption in Open Access Charges.						
13.	Exemption in Open Access Charges	No open access charges for the use of intra-state transmission network shall be payable by hydro projects having capacity upto 25 MW which shall be commissioned after this notification.						

14.	Banking	Banking of energy will also be allowed by the HPSEB as per prevailing rules and regulations.
15.	Third Party Sale	Third party sale within the State shall be allowed in case of those project proposals where cost generation is above Rs. 2.50 per unit. However, It shall be obligatory on the part of the IPP to submit the third party power sale proposal with in the State, wherever, peak load demand exists, duly approved by HPERC along with the DPR for accordance of TEC. However, the final tariff rates shall be determined by the HPERC after the financial closure.
16.	Royalty	<p>1. In case of already allotted (but not commissioned) Projects: The free power quantum to be received on account of free power share of the State will be deferred for the critical period of initial 12 years from the date of achieving Scheduled Commercial Operation Date (SCOD) or Commercial Operation Date (COD) whichever is earlier. The quantum to be deferred shall be recovered during the balance agreement period in a uniform percentage rate for all the ongoing private sector projects which are under construction and at various stages of clearances.</p> <p>2. In case of Projects to be allotted under Private Sector: The Free Power Royalty for all the new hydro projects to be allotted in future under Private Sector shall be levied as per the provisions contained in the National Hydro Power Policy i.e. levy of royalty in the shape of Free Power will be at uniform rate of 12% for the entire agreement period.</p>
17.	Non Cash Incentives	<p>1. These non-cash incentives shall be provided in terms of speedy clearances by the Screening Committee and timely payments by the Electricity Board to the entrepreneur.</p> <p>(a) Escort Service shall be provided by HPSEB or HIMUPJA, as the case may be.</p> <p>(b) HPSEB shall clear all dues of a private party on account of purchase of power within thirty days from the receipt of the bill, failing which penalty @ 1.5% per month shall be payable by HPSEB. The Letter of Credit provision shall be applicable only in case where the entire power is sold to HPSEB (excluding royalty).</p>
18.	Deemed Generation	<p>1. Deemed generation shall be payable when water spillage exceeds 480 hours in a year and in such cases only where evacuation system is connected to manned 22 KV Sub-stations declared as control sub stations by the Board/33 kV/EHV Sub-stations of HPSEB. The benefit on account of deemed generation shall not be allowed in cases where captive use/third party sale is intended to be made outside the State.</p> <p>2. The HPSEB shall pay for the Saleable Deemed Generation on the basis of the deemed generation after deducting , on deemed basis , the corresponding quantum of Govt, supply, auxiliary consumption transformation losses and transmission losses in deemed delivery of such power at the Interconnection Point.</p>
19.	Tariff Determination	The tariff shall be determined by HPERC with respect to date of achieving COD of the project instead of the date of signing of IA.
20.	Allocation of projects for Captive use	The projects upto capacity of 10 MW for captive use of power for existing industries or for new industrial units within the State of Himachal Pradesh shall be allocated without competitive bidding.

21.	Re-defining of milestones for stalled projects	The Administrative Department is authorized to re-define the milestones afresh where 100% equity transfer is permitted by the Government as per the prevailing hydro power policy guidelines by entering into revised agreement for the stalled under construction projects.		
22.	Capital subsidy as per MNRE	Up to 100 KW	From 101 KW to 999 KW	From 1 MW to 25 MW
		45% of Project cost limited to Rs. 30,000/- per KW	45% of Project cost limited to Rs. 30.00 Lacs + Rs. 21,625/-per KW.	45% of Project cost limited to Rs. 2.25 Crores + Rs. 37.50 Lacs per MW.
23.	Subsidy for development/ upgradation of water mills	<p>1. To encourage the development of Water mills in the remote & hilly areas to meet the basic needs of villagers, the Ministry will provide subsidy for development of new Water Mills or up-gradation of existing Water Mills. The subsidy would be applicable in following two categories of Water Mills:-</p> <p>(a) Water Mills with mechanical output only, and</p> <p>(b) (Water Mills with electrical output (up to maximum of 5KW) only, or, both mechanical & electrical output (up to maximum of 5KW</p> <p>2. The quantum of subsidy will be extended as per following details:</p>		
		Category of Water Mill	Amount of Subsidy	
		1. Watermills for - a) Mechanical output only	75% of actual Project cost or, Rs 30,000/- whichever is less	
		2. Watermills for - a) Electricity output only or, b) Both mechanical and electrical output	75% of actual Project cost or, Rs.1,00,000/- whichever is less	