

DRAFT

**Policy for
Promoting Generation of
Electricity through New and
Renewable Energy Sources
in Tripura**

**Department of Science, Technology & Environment
Government of Tripura**

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1. PREAMBLE:

(i) The scope of various renewable energy technologies aided by a variety of policies and support measures by Government of India is well spread through out the country and in this state of Tripura as well. In the policy major initiatives have been taken to encourage private / foreign investment to tap energy from new and renewable sources including fiscal and financial incentives. Similarly, this power policy is directed towards a greater thrust on overall development and promotion of renewable energy technologies and applications in Tripura state. This will facilitate excellent opportunities for increased investment in this sector, technology up gradation, induction of new technology, etc. in the state.

(ii) The conventional sources of energy in Tripura are fuel wood, petroleum products and electricity. Tripura has been depending mainly on electricity of own generation and import from Central sector generating stations in the North Eastern Region through Grid lines. The availability of power from outside the state is limited and unreliable due to various reasons including transmission line constraint passing through difficult terrain. The price of such power will go on increasing rapidly on account of cost fuel and other reasons.

(iii) To cater to the ever-increasing demand of power in the state, Government of Tripura has decided to give encouragement to power generation from New and Renewable Energy Sources which is environment friendly and reduces the consumption of Coal, Natural Gas etc. This policy is therefore framed to promote energy generation from New and Renewable Energy Sources and investment in this sector from eligible producers.

2. DEFINITION:

In this policy, unless the context otherwise requires

- (a) “ Act “ means the Electricity Act,2003 (36 of 2003).
- (b) “Agency” means Tripura Renewable Energy Development Agency or its successors.
- (c) “Department” means Power Department, Government of Tripura or its successor Tripura State Electricity Corporation Ltd. (TSECL) if authorized by it
- (d) “Renewable energy” or “Non-Conventional Energy” means energy from sun (thermal and photovoltaic),biogas , biomass (direct burning, gasification or methanation, including municipal solid waste), wind energy, and small hydro power plants up to 25 MW capacity, etc .
- (e)“TERC” means Tripura Electricity Regulatory Commission.
- (f) “CERC” means Central Electricity Regulatory Commission
- (g) “ST&E” means Deptt of Science, Technology and Environment, Govtt of Tripura.
- (h) “NCES” means Non-Conventional Energy Sources.
- (i) “MNRE” means Ministry of New and Renewable Energy Sources, Govt of India.
- (j) “Producer” means investors/developers generating grid quality electricity from renewable sources of energy.
- (k) “Biomass” means forestry based and agro-based industrial residues, energy plantations, forestry & agro residues.
- (l) “COD” means Commercial date of operation.

3. OBJECTIVES:

With a view to promote generation of grid-quality power through New and Renewable Energy Sources in the context of non polluting, renewable inputs like solar, wind, small hydel, biomass and wastes and others, the Government of Tripura has adopted this policy.

4. OPERATIVE PERIOD:

(i) This policy shall come into operation from the date of its publication in the official gazette of Tripura and will remain in force until superseded or modified by another order.

5. ELIGIBLE PRODUCERS:

(i) All power producers generating 10 KW to 25 MW of grid-grade electricity from New and Renewable Energy Sources, such as solar, wind power generators, small hydro, Biomass etc” are “eligible producers” under this Policy.

(ii) Renewable energy producers in the joint-sector, formed by Government agencies and the producers will also be “eligible producers”.

(iii) Power producers producing electricity from New and Renewable sources for captive consumption shall also be treated as “eligible producers”.

(iv) There shall be no restriction on the legal form of power producing entrepreneur, Companies, co-operative, partnerships, individuals, charitable societies, Non-Governmental Organizations, etc. and they will all be “eligible producers” provided that they undertake to generate electricity from New and Renewable Energy Sources.

6. FINANCIAL AND TECHNICAL CRITERIA FOR ELIGIBLE PRODUCERS

- a) Financial criteria :- Average annual financial turnover of the producer on establishment, operation & maintenance for the last three consecutive financial years shall be at least 50% of the estimated project cost.

- b) Technical criteria :- The eligible producers should preferably have following technical criteria.
- (i) Collaboration with the proven technology supplier of the concerned power projects.
 - (ii) Experience of developing (developing means successful commissioning of a project) in last 10 years :-
 - Two similar projects costing not less than the amount equal to 40% of the estimated cost of the proposed project.
 - OR
 - One similar projects costing not less than the amount equal to 60% of the estimated cost of the proposed project.

7. LAND

- a) Government Land :- Land lease, as per existing Government rules and regulations, can be considered on case to case basis for setting up such projects subject to availability of Government/Local body/Gram Panchayet land.
- b) Private Land :- Non-Agricultural Conversion of land will be allowed on case to case basis if Private/Agricultural land is purchased by the eligible producers for setting up the RE project as it is eco-friendly.
- c) Forest Land :- Wherever Forest Land / Land in the buffer zone of Wildlife sanctuary/reserve forest etc. is involved in the RE projects, the same will be processed for consideration by the State Forest Department under the existing provisions of Forest Conservation Act.

8. PLANT AND MACHINERY

- (i) Plant and machinery of latest design and high efficiency shall be preferred for installation under this policy.
- (ii) Protective / safety devices as approved by the Department in the grid code will be incorporated in the systems by the producers.
- ii) It will be the responsibility of the developer to obtain the clearance certificate from the State Electrical Inspectorate before commissioning.

9. GRID INTERFACING:

- (i) Interfacing including transformers, panels, kiosks, protection, metering, high tension lines etc as required from the point of generation to the nearest high tension lines, as well as their maintenance will be undertaken by the producer as per the specifications and requirements of the Power Department / TSECL, for which such eligible producers will bear the entire cost. Alternatively, these works and their maintenance could be undertaken by the Department at charges to be decided by the Department / TSECL and the Producer on mutual agreement. Advance intimation to Department / TSECL along with the time schedule required to be furnished by the eligible producer / producers.
- (ii) The Department will undertake to augment the sub-station capacity at 33/11 KV or higher levels as the case may be at its cost to receive the power generated by eligible producer.
- (iii) Power Department, Government of Tripura / TSECL will also undertake, at its cost, augmentation of transmission lines, if required.
- (iv) The eligible producer at his cost will install the line, equipment as required for grid connectivity and install meters at his end to measure the outflow and inflow of energy as per the prevailing Rules and Regulation of the Department, which will be jointly sealed by the Department and the producer.

(v) In case of decentralized generation of power for local consumption, the Department /TSECL will undertake, at its cost, construction of required local transmission and distribution lines if the same are not existing in the locality and if the producer is not getting financial assistance for the same from other sources. The Department/TSECL would be the owner of the transmission/distribution lines thus constructed at its cost and the producer will pay the wheeling charges to the Department/TSECL for using such transmission/distribution lines constructed at the cost of the Department/TSECL at a rate to be decided as mentioned in clause 10.

(vi) The producer should ensure the “Grid Quality” of power delivered in accordance with the prevailing Regulations.

(vii) In the event of technical problem for synchronizing with Grid, energy producer from New and Renewable Sources should naturally arrange to distribute locally by the producer of such Energy as stand alone source. , as authorized by Department.

(viii) The producer shall comply with grid code including load despatch & system operation code, metering code, protection code, safety code etc. as applicable from time to time in the state of Tripura.

10. WHEELING:

The Department will undertake to transmit on its grid the power generated by eligible producer and make it available to him for captive use or to a third party nominated by eligible producer for sale within the State, at a uniform wheeling charge as decided mutually by the concerned authorities or @ 2% of the energy supplied to the grid, irrespective of the distance from the generating station. However, CERC/TERC regulations, if any in force, will be the guiding factor in deciding such wheeling charges.

11. TARIFF:

(i) It will be compulsory for the Department / TSECL to purchase electricity offered by the eligible producers at a Price fixed by Commission/TERC, as preferential tariff as per provisions of I. E. Act 2003, with no restriction on time or quantum of electricity supplied for sale. Thereafter the rate of increase of tariff every year shall be mutually be settled between Department / TSECL and the producer. However, at any point of time, the TERC's Regulation on Renewable Purchase obligation and compliance shall be a guideline and decision of Commission / TERC shall be final.

(ii) It shall not be compulsory for such power producer to sell the electricity generated to Department, The producer will also have the option with concurrence of the Department to sell the electricity generated by him to a third party within and outside the State, at a rate to be settled as per regulations of the TERC. However, if the third party is a consumer of Power Department and needs support of the Department's system in case of outage of power from the power station of the producer, then the third party will have to pay minimum charges as per Schedule of Tariff of the Department in force.

12. USE OF CONVENTIONAL FUEL

Use of conventional fuel in the process of generation of electricity may be allowed for Biomass based projects in the event of reduced biomass availability, but this use of conventional fuel shall be restricted to 30% on the basis of the criteria applicable for an efficient Dual fuel Biomass based power plants and as finalized by the Department

13. BANKING:

The State Electricity Corporation or the Agency or the Department, as the case may be, will permit electricity generated by eligible producers to be banked for a period up to one Financial year. If the banked energy

is not utilized by the producer within one month of the end of the concerned Financial year, the same will be treated as purchased by the State Electricity Corporation or the Agency or the Department, as the case may be and will be settled at the rate specified in the Power Purchase Agreement.

14. SETTLEMENT ON MONTHLY BASIS:

All transactions between the Department and the eligible producer involving wheeling or sale of power will be settled on a monthly basis.

15. EXEMPTION FROM DEMAND CUT:

A reduction in contract demand to the extent of 30% of installed capacity of the power plants shall be permitted by the Department, in case power plant is not utilizing Department's Grid for supply of power to the consumer.

16. POWER PURCHASE AGREEMENT (PPA):

The Department and eligible producers under this policy will enter into a Power Purchase Agreement for a minimum period of 10 years. However, if any eligible producer intends to enter into Power Purchase Agreement for shorter period, the Department will consider such proposal on the merit of the case.

17. SECURITY DEPOSIT

The producer, within one month upon approval of the project, shall deposit with the department, an amount equal to 2.5% of the estimated cost of the project as security deposit towards completion of the project within the prescribed time frame. This amount will be released on successful commissioning of the project within the time frame. The deposit may be in the form of bank guarantee on any Nationalized Bank.

18. INCENTIVES BY THE STATE GOVERNMENT:

- (i) Exemption from Electricity Duty – Consumption of electricity generated from New and Renewable sources by eligible producers for its captive use or upon sale to a nominated third party will be exempted from electricity duty.
- (ii) Grant of incentives available to Industries: - Eligible producers generating electricity from New and Renewable Energy Sources will be treated as an eligible industry under the schemes administered by Industry Department and similar incentives available to “eligible producers” for establishing such power generation plants. Infrastructural facilities such as approach road, water supply, power during construction period, etc. will be provided on the lines of provisions for such facilities to other industrial units if located within Industrial Areas / estates / Growth Centre / Parks.
- (iii) Regarding incentives provided by Central Government, action will be taken as per existing framework for processing of applications received for various incentives under “North East Industrial and Incentive Promotion Policy (NEIIP), 2007.
- (iv) Sales Tax Exemption: - Renewable Energy equipment and materials shall be exempted from State sales tax / VAT or other state levies or alternately, sales tax/VAT paid by the producer on renewable energy equipments and materials would be suitably reimbursed to the producer.
- (v) Free supply of solid waste at site :- Concerned Municipal/ urban local bodies will provide garbage at the project site free of cost for urban, Municipal (Solid/Liquid) & industrial waste based power projects. Alternatively, the producers will be allowed to collect the garbage at its own & the concerned Municipal / Urban local body will pay charges to the producers on mutually agreed terms & conditions.

19. FACILITATION BY THE AGENCY:

Tripura Renewable Energy Development Agency is the State Nodal Agency for developing and promoting use of Non-Conventional Energy production and use in the State of Tripura. The Agency shall facilitate clearances for the project for producing electricity from New and Renewable Sources at the State and Central levels. The Agency shall also facilitate grant of loans to such projects by Indian Renewable Energy Development Agency (IREDA) and subsidies by the Ministry of New and Renewable Energy (MNRE), Government of India.

20. AVAILABILITY OF WATER FOR POWR GENERATION FROM NCES:

The eligible producers will be allowed to use water for project construction and for power generation, wherever possible. The cost of modification(s) required, if any, in the existing canal system will be done by the Minor Irrigation Department or Agriculture Department, as the case may be at the cost of the producer. The Minor Irrigation Department or the Department entrusted with minor irrigation will not charge royalty for use of such water for initial period of 7 years. In case of mini hydel, the royalties of forest items for construction of reservoirs / dams / Power House / forebay / penstocks etc. would be exempted.

21. TIME FRAME FOR COMMISSIONING OF THE PROJECT

The sanctioned projects shall be completed and commissioned within a period of 12 to 18 months, as the case may be, from the date of issue of formal sanction/approval. If the eligible producer fails to maintain this timeframe without sufficient and appropriate reasons, the approval/sanction would be cancelled and all facilities extended to the eligible producer will be withdrawn. Moreover the Security Deposit as mentioned in para 15 would be forfeited.

22. SHARING OF CDM BENEFIT

CDM benefits between Developer and Beneficiaries will be as follows:

- a) 100% of gross process on account of CDM benefits to be retained by the project developer in the first year after the date of commercial operation of the generating station.
- b) In the second year, the share of the beneficiaries shall be 10 % which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the generating company and the beneficiary.

23. SOLICITATION, SELECTION AND AWARD OF PROJECTS

(i) The Agency may invite offers for suitable sites/projects for development in private sector. The Project Approval Committee will scrutinize the offers and will submit the same to the Government with recommendations/comments. The State Government of Tripura will give final decision on the Selection/award of the projects through the department. The decision of the Government shall be final.

(ii) Interested producers may also, on their own, select suitable sites/projects and submit proposals to the Agency in specified format available with the Agency. The approval for the same also will be given as mentioned under section 7 above.

(iii) The Decision on Selection/award of the project shall normally be communicated to the concerned producers within 3(three) months from the date of receipt of the proposal. However, if due to some unavoidable reasons the decision on Selection/award of the project can not be communicated within the specified period, the concerned producer shall be notified accordingly, but in no case the period shall exceed 6(six) months.

(iv) The Agency/ the Department and the producer will enter into necessary agreement within one month of approval/award of the project.

24. PROJECT APPROVAL COMMITTEE

A Project Approval Committee comprising the Secretaries of the State Power Department , ST& E Department, Industries & Commerce Department, Principal Chief Conservator of Forests, Tripura, Director, TRENDA , CMD,TSECL, Chief Engineer, PWD (WR), and the Director, Agriculture department will be constituted to scrutinize the proposals received by the Agency and comment/ recommend on the same for decision of the State Government. The committee may co-opt other officials as and when required in the committee as members.

25. STATE LEVEL MONITORING COMMITTEE

A State Level Monitoring Committee comprising the Chief Secretary of the state, Secretaries of the Power, Science, Technology & Environment, Industries & Commerce, Finance Departments and the Principal Chief Conservator of Forests, Tripura will monitor the progress of generation of electricity from New and Renewable Sources, undertake review of the policy if required and make recommendations to the State Government accordingly.

26. QUALITY CONTROL

a) Tripura Renewable Energy Development Agency will be the Authority to conduct inspection, test check, trial run etc. of all devices/equipments or part thereof related to production and distribution of Renewable Energy in the power plant/ power generation system for ensuring the quality of the electricity generated. However, for issues relating to grid connectivity & distribution etc., Department will be the agency for ensuring the delivery of quality power to consumers.

