

**GOVERNMENT OF BIHAR**  
**DEPARTMENT OF ENERGY**

**POLICY GUIDELINES FOR PRIVATE SECTOR PARTICIPATION**  
**FOR DEVELOPING NON-CONVENTIONAL ENERGY SOURCES**

Conventional power generation from fossil fuels such as coal, hydrocarbons etc. cause environmental pollution and degradation. Besides, these sources are limited and at the current rate of their exploitation, are not likely to last very long. At the same time energy requirements of the people and industry is increasing at a fast rate. Therefore, there is need to give utmost importance to harnessing non-conventional and renewable energy sources such as wind energy, small hydro, bio-mass, solar, geothermal energy etc.

2. Bihar has good potential for development of non-conventional energy sources for power generation. The State of Bihar faces shortage of power. Supply of power from non-conventional sources in even small; quantities would help in meeting the shortages to some extent. Good explorable options and potential exists for power generation from irrigation canal drops, river falls, solar, wind bio-mass co-generation etc.

3. The Government of Bihar has a policy for active promotion of private entrepreneurs in the areas of power generation and distribution. Therefore, with a view to encouraging private sector participation in decentralised generation of grid grade level power, through utilisation of the available inputs of renewable and non conventional sources of energy like solar, wind, water, biomass and other wastes, the Govt. of Bihar has adopted this scheme. In line with the schemes formulated by the Government of India for attracting private developers towards Non-Conventional Energy Sources, the Government of Bihar has formulated the following policy guidelines for promotional and fiscal incentives to encourage private developers and entrepreneurs for developing non-conventional energy sources:-

**3.1 OPERATIVE PERIOD FOR INCENTIVES**

The scheme of incentives will come into operation with immediate effect and it shall remain in force for a period of five years. The Government may modify this policy, if considered necessary.

**3.2 ELIGIBLE DEVELOPER/PRODUCER**

Any industry, institution, private agency, partnership firm, consortia, panchayat, co-operative or registered society desirous of installing and generating electricity from non conventional energy sources such as mini/micro hydro plants, solar thermal plants, solar photovoltaic system, biomass plants, bagasse plants, wind plants and co-generation plants, municipal and industrial waste plants.

### **3.3 LAND**

- (i) Government land, if available, at the site selected by the developer may be leased in accordance with Government policy for allotment of land.
- (ii) Government may assist in the acquisition of non-government private land. Alternatively, the developer may himself purchase private land, duly informing the Government for the use to be made of the land.

### **3.4 INCENTIVES**

- (i) The projects will be entitled for availing facilities under the policies of the Government of India/Government of Bihar.
- (ii) Bihar State Hydro-electric Power Corporation (BHPC)/Bihar Renewable Energy Development Agency (BREDA) will provide necessary information and assistance regarding identification and selection of feasible sites.
- (iii) Loans as per guidelines and incentive/schemes of the Government of India and/or Government of Bihar, Indian Renewable Energy Development Agency (IREDA) and Ministry of Non-Conventional Energy Source (MNES) will be offered/available for proposal of power generation through non-conventional energy sources.
- (iv) Projects of power generation from non-conventional energy sources will be treated like any other industry and incentives/concessions normally applicable to new industrial units can be available as per the guidelines of the Industrial Policy of the Government of Bihar.
- (v) Concessions as given to industrial units in backward areas will be available to developer of projects in backward areas.

- (vi) Developer will be allowed to use canal water-fall or river water flow with the consent of the Water Resources Department, Government of Bihar for power generation from mini/micro hydel schemes. The water will be released based on irrigation demand. The developer will give price equivalent to 10% of the power generated to the State Government in lieu of the water rights/cess. If feasible, and water is available at source, then the developer can develop it at his own cost supplying price equivalent to 10% of power generated to the State Government.

### **3.5 SALE/WHEELING OF GENERATED POWER**

- (i) There will be no restriction on power generation capacity or supply of electricity to the grid.
- (ii) The developer may sell generated power to the State grid/Bihar State Electricity Board.
- (iii) The developer may sell/utilise generated power at the place of generation or at any other place for captive use.
- (iv) The developer may be given license for distribution of power in a specified area. The developer may sell generated power to third party/private consumers through own transmission and distribution systems or wheel through the Bihar State Electricity Board systems on payment of appropriate wheeling charges for which the third party must be an H.T. consumer of the Bihar Electricity Board.
- (v) Bihar State Electricity Board will extend the facility of wheeling the generated power through its transmission and distribution system as per agreed term with the developer.

### **3.6 INTERFACING WITH STATE GRID/BIHAR STATE ELECTRICITY BOARD GRID**

In case the developer proposes to sell full or part of its generation to the grid or use the grid for wheeling power to third parties the developer will design the system at their own cost, such that interfacing with the State grid/Bihar

Electricity Board grid is done as per the latter's specifications and requirements.

### **3.7 COST OF WORKS**

The entire cost of project, transmission system of evacuation of power to the nearest State/BSEB grid/sub-station including all metering, the protective instruments shall be borne by the developer.

### **3.8 POWER PURCHASE AND PRICING**

- (i) The purchase/sale price of such power may be fixed by the Bihar Electricity Regulatory Commission.
- (ii) The developer and the third party, to whom electricity is wheeled through the Bihar State Electricity Board grid, will be allowed to draw energy for their consumption during maintenance/shut down period of the project as per the prevalent BSEB tariff at that point of time.

### **3.9. TAXES AND DUTIES**

The developers will pay all taxes and duties or any other levies, etc. to Central or State Government as per statutory rules in force from time to time.

### **3.10 SOLICITATION, SELECTION AND AWARD OR PROJECTS**

- (i) The State Government or Bihar State Electricity Board/Bihar State Hydroelectric Power Corporation/Bihar Renewable Energy Development Agency may invite offers for suitable sites/projects for development in private sector. The offers will be scrutinized by the Government of Bihar and decision of the Government shall be final.
- (ii) Interested developers may also, on their own, select suitable sites/projects and submit proposal to the Government for approval.
- (iii) For projects upto 5 MW capacity, applications/proposals in specified form and conforming to guidelines from entrepreneurs to the State Government will be sufficient. No. approval/license will be needed. For projects of higher capacities, approval of Energy Department will be necessary and decision on such applications will be taken within 3(three) months and agreement be made accordingly.

- (iv) The applicant developer will have to take effective steps to implement the project (including incurring 10% expenditure of the total project cost) within six months of approval/information of the project and allotment of land, otherwise the agreement could be terminated and the site allotted to another applicant.
- (v) Authorities will enter into agreement within one month of application.

## **STATE LEVEL ADVISORY COUNCIL**

A State Level Advisory Council headed by Secretary Energy will be constituted to monitor the progress, implementation and operation of projects generating electricity through non-conventional energy sources. The Advisory council will undertake review of the non-conventional energy guidelines and policies; and aid and advise the State Government regarding any changes necessary in the policy.

Secretary to Government

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