

HARYANA GOVERNMENT
NEW & RENEWABLE ENERGY DEPARTMENT

Notification

The 9th March, 2018

Haryana Bio-energy Policy 2018

No. 19/6/2018-5 Power .-The Government of Haryana has formulated Haryana Bio-energy Policy 2018 to promote generation of energy from the surplus biomass in the State. For giving effect to this policy, necessary ammendments in various policies, rules and regulations, wherever necessary shall be expeditiously undertaken by the concerned department.

CHAPTER-1

INTRODUCTION

- Biomass energy is replenishable over a cycle that may vary from months to years. The biomass produced in agriculture operations is an excellent source of energy and need to be harnessed to save precious conventional fuels.
- Haryana is primarily an agrarian State. Haryana has surplus biomass availability of 8416 thousand tons which has tremendous potential for utilization of the residues of these crops to generate electricity/biogas/ bio-CNG/bio-manure/bio-fuels etc. The State has potential to generate about 1000 MW of power or 11.5 lac ton of bio-CNG.
- The need to promote these projects has been further necessitated due to the aggravated environmental issues because of burning of crop residues in fields.
- Promoting use of biomass for production of energy including cogeneration, bio-CNG, bio-char and bio-fuels/bio-ethanol will not only help reduce dependence on conventional sources energy thereby reducing import bills but will also help to improve environment& soil health and will also create alternate stream of income to farmers and employment in rural areas.
- The open crop residue/Biomass burning causing the emission of air pollutants such as atmospheric pollutants and gases and ultimately influence the atmospheric quality and climate.
- Biomass based projects, unlike solar and hydro, face the challenge of fuel linkage, so, while promoting these projects due diligence is required for the same.

CHAPTER-2

OBJECTIVES, TARGET & ELIGIBLE TECHNOLOGIES

2.1 Objectives

- To create conducive environment to attract private investment in biomass projects.
- To harness biomass based power/ biogas/ bio-CNG/ bio-manure/ bio-fuels etc. as it has huge potential of energy with sustainable environmental benefits through techno-economically viable technologies.

- To support research and development, demonstration and commercialization of new technologies.

2.2 Target & Eligible Technologies

- 2.2.1 It is proposed to achieve a target of minimum 150 MW biomass based power generation (or equivalent) by 2022.
- 2.2.2 **Eligible Technologies:** This Policy will strive to promote Biomass to bio energy projects based on the technologies approved by MNRE and categorized as biomass based projects for power generation using Rankine cycle, Bio-CNG/bio-gas cum organic manure projects using advanced anaerobic digestion and bio-fuels/ bio ethanol and other innovative technologies etc.

CHAPTER-3

INCENTIVES

The Haryana Government is committed to promote and develop biomass based projects to harness clean power and safeguard environment. It will provide following incentives for such projects set up in the State to eligible project developers:-

A. Land and Clearances for the projects

(I) Agricultural land shall also be allowed to be used for setting up of biomass based Projects in the State.

(II) Panchayat Land on Lease /Rent basis

The Government of Haryana will facilitate the lease of Panchayat land at reasonable rates directly through Panchayat (as per prevailing Govt. Policy) for setting up of biomass projects for minimum period of 35 years.

(III) Exemption from Land use approval, External Development Charges, scrutiny fee and infrastructure development charges.

a. These projects shall not require any change of Land Use approval from Town & Country Planning Department / Urban Local Bodies (ULB) Department. The project shall also be exempted from External Development Charges (EDC), scrutiny fee and infrastructure development charges but if special service is required for the biomass project then EDC charges shall be charged on pro-rata basis. The details of such projects will be intimated to the Town & Country Planning Department.

b. However, after the expiry of power purchase agreement period or when plant ceases to operate on the land, land use will revert to the original master plan of the area/city/town (i.e.it will convert to the original status of land).

(IV) The land used in biomass projects will be out of the purview of the Land Ceiling Act of the government.

(V) 100% exemption from payment of fee and stamp duty charges will be allowed for registration of rent/lease/sale deed for the land required for setting up of these projects in B, C and D category blocks as defined in the Haryana Enterprise Promotion Policy 2015.

- (VI) No fee will be charged by the Pollution Control Board for issuing Consent to Establish (CTE) and Consent to Operate (CTO) for such project anywhere in the State. However, these projects will be set up as per the prevalent pollution control norms of the Government.
- (VII) Though, power projects with only air cooled condensers will be allowed under this policy, the Irrigation Department/ Agriculture Department will allow canal/ ground water usage for such projects, except for condenser, at 50% of the charges applicable to industrial units in the State, on priority basis within one month from the date of application by the project developer.

B. Grid Interfacing and Power Evacuation

- (i) The Power producers shall meet with all the requirements, as per the State Grid Code for setting up their projects. For connectivity with grid, the project developers shall connect the Power Plant with the nearest Sub-Station of Transmission/Distribution Licensee and inject the electricity at appropriate voltage of the Sub-Station.
- (ii) For biomass power projects installed for captive use or sale of power to power utilities/third party sale through open access, all arrangements for power evacuation i.e. voltage step up, synchronizing equipments, metering within the project premises shall be done by the Project Developer as per the technical specifications, guidelines and regulation issued by HERC.
- (iii) The State transmission utility or the Transmission/Distribution Licensee shall bear the cost of Extra High Voltage (EHV)/ High Voltage (HV) transmission line up to a distance of 10 km. from the inter-connection point. In case the distance between the inter connection point and point of grid connectivity is more than 10 kms then the cost of transmission line for the distance beyond the 10 kms shall be borne equally between the Independent Power Producer and the licensee.
- (iv) All expenses for power evacuation, Transmission, distribution line and synchronizing equipment required for installation will be as per the orders of the Haryana Electricity Regulatory Commission on Renewable Energy Tariff & other issues, as modified from time to time.
- (v) The cost of any augmentation required after the interconnection point in the grid system of the Transmission/Distribution Licensee shall also be borne by the concerned Transmission/Distribution Licensee.
- (vi) For implementation of such projects, electricity connection shall be provided by the power utilities within seven day from the date of application and it will be ensured that the electricity connection is provided on priority basis so that the project implementation schedule is not delayed.
- (vii) Power utilities will keep on upgrading the capacity of transformer/evacuation facility including the substation from time to time as per the generation requirement.

C. Third party Sale, Wheeling, Banking and Open Access

- (i) In case, the power is to be sold to a third party, the name of such party shall be indicated by the power producer at the time of making an application in the prescribed form of Licensee/Utilities. However, in respect of third party sale, licensee/utilities would have preference over the power generated by the power producers and thereafter, third party sale would be allowed when the surplus power is not being evacuated by the licensee/utilities.
- (ii) Discoms/ Licensees shall permit electricity generated by eligible producers to be wheeled and banked without any charges.
- (iii) The banking facility shall be allowed on annual basis by the Licensee/ Utilities to eligible electricity producers as per HERC Regulations and IPP will pay the difference of Unscheduled Interchange charges (UI charges) at the time of injection and at the time of withdrawal. However, withdrawal of banked power will be allowed only during non-peak hours. If the banked energy is not utilized within a period of twelve months from the date of power banked with the concerned power utilities/ licensee, it will automatically lapse and no charges shall be paid in lieu of such power.
- (iv) The biomass project developer as per the entitlement under the policy will also be allowed inter/intra State open access for Captive (within and outside the premises), sale of power to Discoms and Third party Sale simultaneously.
- (v) Third party sale shall be allowed only after refusal by Discoms/ licensee to purchase the power on the tariff discovered as per orders of HERC for long term PPA.

D. Tariff/ Purchase Price

- (i) Licensee/ Utilities will purchase electricity offered by the power producers in case of new projects set up after the notification of the present policy at the rate to be decided by the Haryana Electricity Regulatory Commission as per provisions in the New Electricity Act, 2003 and National Tariff Policy 2016. HAREDA shall invite proposals from IPPs through competitive bidding route and the IPPs will be asked to offer their most competitive rate through reverse bidding on the tariff decided by the HERC being the ceiling tariff, on which they want to sell power to the State Power Utilities. The PPA shall be for a period coinciding with the plant life or minimum 35 years, whichever is earlier. Thereafter, the tariff may be further, re-negotiated.
- (ii) For old captive/co-generation projects which are having surplus power to offer for sale to the power utilities, the tariff shall be decided by the HERC.
- (iii) The technologies/resources for which tariff has not been notified by the HERC, the developers shall be required to submit petition to the Commission, for determination of tariff.
- (iv) Regarding standards, purchase price and incentives, in case of bio-fuels/bio-CNG and bio-fertilizers, the policies of the Govt. of India, as applicable from time to time shall be followed.

E. Must Run Status

The biomass projects up to 10 MW capacity set up under this policy shall be treated as “Must Run” power plants and shall not be subjected to Merit Order Dispatch (MoD) principles and will not be asked to back down as this will badly affect their viability and planning for fuel linkage. In case of biomass power projects of 10 MW and above generation capacity, scheduling and dispatch code shall be as per the HERC Regulations.

F. Exemption of Transmission & distribution, cross subsidy charges, surcharges and Reactive Power Charges

All cross subsidy charges, Transmission & distribution charges, surcharges and reactive power charges will be totally waived off for any biomass projects set up in the State.

G. VAT/GST/ Tax Holidays

VAT/GST on the plant and machinery used in setting up of Renewable Energy Power Projects in the State and any other incentives/exemptions shall be as per Government of Haryana notifications from time to time.

H. Octroi on biomass fuels for all projects including bio-CNG, bio –ethanol and bio-fertilizer shall be fully exempted.

I. 100% exemption from entry tax will be allowed in respect of all supplies (including capital goods, structure and raw materials) made for setting up and trial operations of the projects.

J. For efficient collection of biomass for the approved projects, reaper, raiker, baler and trawlers will be provided either on rent or on upfront subsidy as per the schemes of the Agriculture & Farmer Welfare Department, Haryana, in force from time to time.

K. The Agriculture & Farmer Welfare Department, Haryana and State Agriculture Universities will also promote organic fertilisers produced from such projects provided they meet the specifications & standards prescribed for the purpose from time to time. The State Agriculture Universities shall conduct trials to document the results without charging any cost.

L. The State Transport Department shall also promote use of bio-diesel/ bio-fuels in public transport vehicles and shall preferentially purchase the bio-fuels produced from the projects located in the State as per National/ State Policy on Bio-fuels.

M. All projects developed under this policy will be treated as “Industry” in terms of industrial policy of the state and all the incentives available to new industrial projects will be applicable as per Industrial policy of the State, subject to qualifications and approval of the concerned departments, if any, subject to its eligibility.

N. The projects set up under this policy shall be eligible for Central and State Financial Assistance and other exemptions like excise duty and custom duty etc. as applicable from Central and State Governments, subject to eligibility.

CHAPTER-4

NODAL AGENCY AND FACILITATION FOR APPROVAL OF PROJECTS

4.1 Nodal Agency: The Haryana Renewable Energy Development Agency (HAREDA) will be the Nodal Agency to facilitate these projects and implement this Policy. HAREDA shall act as the single window to provide all clearances or arrange clearances for various departments, wherever required. All biomass project developers in the state (including Captive, Cogeneration, IPP and merchant power developers) will be required to submit their project proposals with HAREDA for approval and validation for sale of power in or outside the state.

4.2 Invitation of Proposals & Approval Procedure

A. In cases where HAREDA has carried out prefeasibility study and the feedstock for the project is under the control of the Government or in cases where competitive bidding is required for purchase of power from such projects, HAREDA shall invite proposals based on competitive bidding.

B. Before inviting proposals for biomass based renewable energy projects, comments of the Agriculture Department about the availability of the surplus biomass in the area shall be obtained to ensure steady and continuous supply of biomass to the proposed/established projects for which appropriate area demarcation and its allocation/attachment to the specific project will be carried out by the Department of Agriculture and Farmer Welfare keeping in view the fact that such proposed projects are not in conflict with other projects/schemes of the Agriculture Department.

C. In cases of industrial cogeneration, where the project developer has itself carried out the prefeasibility study for generation of power primarily for captive use and has guaranteed supply of the feed stock, as established by such fuel supply agreements, HAREDA will consider project proposals from such captive project developers, provided that the sale of power from such projects shall be limited to 49% of the total power generated. The tariff for such projects will be decided by the HERC.

In both of the above said cases, following eligibility criterion and procedure will be adopted for approval of the projects:

4.3 Eligibility Criteria and Financial Eligibility

- a. There will be no restriction on generation capacity or supply of electricity to the grid up to Renewable Purchase Obligation (RPO) and tendered capacity.
- b. The project developer may be individual/company/firm/group of companies or a Joint venture/Consortium of maximum 4 partners having minimum 26% shareholding of leading partner.
- c. The capacity of the proposed projects should not be more than 80% of the potential available in the proposed district as per biomass assessment report or biomass assessment report of HAREDA after taking into account already set up biomass projects and should be supported with a map showing catchment area for the project.
- d. Only projects with new plant and machinery shall be allowed under this policy.

4.4 Documents and Fees

Application in the prescribed format, complete in all respect along with documents to be required as per detail mentioned in the application format along with application fee, non-refundable scrutiny fee and performance security fee etc. as specified in the bidding document.

4.5 Approval Procedure

- a) Technical Appraisal Committee (TAC), with at least one external expert, shall be constituted by the State Govt. to appraise the proposals/bids in terms of technical and financial capabilities, scrutinizing the techno-economic feasibility. The TAC is authorized to seek any additional information from the bidders to supplement the proposals and will submit its report within one month.
- b) Projects upto 5 MW capacities in case of power generation or upto Rs.50 Cr investment in other cases will be considered and approved by the Board of Governors of HAREDA on the recommendations of TAC within two months' time with concurrence of Administrative Department.
- c) For the biomass power projects above 5 MW capacity or above Rs.50 Cr investment in other cases, a High Powered Committee constituted by the State Govt. under the chairmanship of Administrative Secretary, New & Renewable Energy Department, Haryana (Appendix-I) shall consider the report of Technical Appraisal Committee, shortlist, prioritize and approve / reject the investment proposals for allocation of sites for preparation of Detailed Project Reports (DPR) by the private investors within two months' time. The High Powered Committee can co-opt any other members /experts as its member for a particular meeting with the approval of the Administrative Secretary.
- d) Once the proposal has been approved by the Board of Governors of HAREDA/ High Powered Committee, a Letter of Intent (LoI) will be issued by HAREDA and it will enter into an MOU with the private investors for preparation of DPR and implementation of the project within one month's time after the applicant deposits performance security deposit as specified in the bidding document for timely completion of the project.
- e) After approval of DPR by the HAREDA, the project developer is required to enter into PPA with the concerned power utilities/ licensee for the sale of power to it after getting necessary approval from the Haryana Electricity Regulatory Commission (HERC). In case of captive use or third party sale HERC approval not required. However open access permission, if required, needs to be obtained from concerned utility, as per HERC open access Regulations.
- f) The Power Producer and the concerned Power Utility/ licensee shall make efforts to enter into Power Purchase Agreement within two months' time from the date of providing the clearance. In case there is delay beyond this period then either party can approach the Haryana Electricity Regulatory Commission for decision in this matter within another two months.
- g) If the applicant does not take effective steps to implement the project as per time schedule for submission of DPR, signing of Power Purchase Agreement, Financial Closure of project & execution of project mentioned in the Memorandum of Understanding signed with HAREDA, the allocation could be terminated and the security deposited with the HAREDA shall be forfeited.

- h) The project completion time will be 36 months from the date of signing of MoU and the performance security deposit will be refunded in case the project is commissioned within the allowed time. Extension will be allowed by the Director, HAREDA only for the projects where at least 50% of the project cost has been incurred to implement the projects on ground with penalty in the following manner:
- i. First extension of six months with penalty of 10% of the Bank Guarantee amount.
 - ii. Second extension of three months with penalty of 15% of the Bank Guarantee amount.
 - iii. Third extension of three months with penalty of 25% of the Bank Guarantee amount.
 - iv. In cases where less than 50% of the project cost has been incurred at the end of 36 month, the entire security deposit will be forfeited with no obligation on the State to buy the power from such projects.

CHAPTER-5

OTHER TERMS & CONDITIONS

- 5.1 The other terms and conditions / guidelines mentioned in the State Policy for promoting Generation of Electricity through Renewable Energy Sources dated 23.11.2005 as amended from time to time and Haryana Electricity Regulatory Commission (terms and conditions for determination of tariff from Renewable Energy Sources) Regulations 2010 notified vide no. HERC/23/2010 dated 3.2.2011 and guidelines issued by the CERC / MNRE/GOI from time to time shall also be applicable. Salient features of the Haryana Electricity Regulatory Commission (terms and conditions for determination of tariff from Renewable Energy Sources) Regulations 2010 notified vide no. HERC/23/2010 dated 3.2.2011 are as under:
- a. Tariff to be determined by the HERC and it will be the ceiling tariff. The Power Utilities shall buy the power through reverse bidding process with the HERC tariff as the upper limit.
 - b. Project specific tariff to be determined on case to case basis for small hydro, municipal solid waste, poultry litter, mixed waste or any other new renewable energy technology approved by the MNRE,GOI based projects.
 - c. Grid Connectivity: As per clause B (iii) of Chapter -III.
 - d. The proceeds of carbon credit from approved CDM Project, after deduction of expenses incurred by the generating company for registration and approval of project as CDM project shall be shared between generating company and concerned beneficiaries in the following manner namely:
 - i. 100% of gross proceeds to be retained by the project developer in first year after the date of commercial operation.
 - ii. In the second year, the share of beneficiary 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 beneficiaries.
 - e. The Commission shall take into consideration any incentive or subsidy offered by the Central or State Government, including accelerated depreciation benefit if availed by the generating company for the renewable energy power plants while determining the tariff.
- 5.2 All project developers shall be required to submit monthly statement for verification of usage of fuel as detailed out in RE regulations and orders for determinatin of generic

tariff issued by HERC. In addition, monthly information with regard to other parameter like energy generated, revenue earned, power factor and plant load factor achieved, reasons for non-achievement of full generation etc as directed by HAREDA shall also be submitted so as to maintain and update data bank on NRSE generation in the state and also for the purpose of monitoring generation under RPO regulations.

- 5.3 For giving effect to this policy, necessary amendments in various policies, rules & regulations, wherever necessary, shall be expeditiously undertaken by the concerned departments within three months time from the date of its notification.
- 5.4 The Principal Secretary, New & Renewable Energy Department shall have the powers to issue clarification/ amendment / relaxation, if need be, on any matter related to interpretation of any provision in these guidelines after consultation with the concerned Departments/Agencies.

CHAPTER-6

GLOSSARY

- 6.1 Following expressions used in the Policy would have meanings assigned to them as defined hereunder:-
- i. "Act" means Electricity Act 2003, including amendments there to.
 - ii. "APPC" means Average Power Purchase Cost.
 - iii. "Biomass Power Developer" / "BPD" means an entity, which owns facilities or intends to generate electric power for sale to DISCOM of Haryana/Licensees/NVVN /NTPC/ to third party/captive use.
 - iv. "Canal" means feeder, canal, rajbahas, minors, drains, channels and Minor Irrigation Tubewells, Corporation (MITC) Nalas
 - v. "CEA" means Central Electricity Authority.
 - vi. "CERC" means the Central Electricity Regulatory Commission of India, constituted under sub-section (1) of Section 76 of the Electricity Act, 2003, or its successors.
 - vii. "Central Agency" means National Load Dispatch Centre (NLDC) as designated by the Central Electricity Regulatory Commission vide order dated 29.01.2010 for the purposes of the REC Regulations.
 - viii. "CDM" means Clean Development Mechanism.
 - ix. "DISCOM of Haryana" means a distribution licensee, such as Uttar Haryana Bijli Vitran Nigam Ltd.(UHBVNL), Panchkula and Dakshin Haryana Bijli Vitran Nigam Ltd. (DHBVNL), Hisar.
 - x. "DPR" means Detailed Project Report.
 - xi. "Government" and "State" means the Government of Haryana and the State of Haryana respectively.
 - xii. "IREDA" means Indian Renewable Energy Development Agency.
 - xiii. "Licensee" includes a person deemed to be a licensee under Section 14 of the Act.
 - xiv. "MNRE" means Ministry of New and Renewable Energy, a Central Government Ministry responsible to develop and deploy new and renewable energy for supplementary energy requirement of the country.
 - xv. "MOU" means Memorandum of Understanding.
 - xvi. "Nodal agency" means Haryana Renewable Energy Development Agency (HAREDA) or any other agency designated by Government of Haryana for promotion of electricity generation from renewable energy sources.
 - xvii. "PPA" means Power Purchase Agreement.
 - xviii. "REC Regulation" or "CERC REC Regulation" means Central Electricity Regulatory Commission (Terms & Condition for recognition and issuances of Renewable Energy Certificate for Renewable Energy Generation) Regulation, 2010 notified by CERC vide Notification dated 14.1.2010 and amended from time to time.

- xix. “Renewable Energy Certificate” or “REC” means the Renewable Energy (Solar) Certificate issued by the Central Agency in accordance with the procedure prescribed by it and under the provision specified in the Central Electricity Regulatory Commission (Terms & Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation)Regulation, 2010.
- xx. “HERC”/“Commission” means Haryana Electricity Regulatory Commission.
- xxi. “RPO” means Renewable Purchase Obligation.
- xxii. “Biomass Power Plant” means a power plant utilizing biomass or agri residue for generating of electricity.
- xxiii. “Tariff” means the schedule of charges for generation, transmission, wheeling and supply of electricity together with terms and conditions for application thereof.
- xxiv. “TOD” means Time of Day in Hours.
- xxv. “UI Charges” means unscheduled Interchange charges.
- xxvi. “EHV” means Extra High Voltage.
- xxvii. “HV” means High Voltage.
- xxviii. “MW” means Mega Watt.
- xxix. “KWp” means Kilo Watt Peak.
- xxx. “LOI” means Letter of Intent.
- xxxi. “HPPC” means Haryana Power Purchase Centre.

6.2 All other words and expressions used here in and not defined shall have the meanings respectively assigned to them in the Electricity Act-2003

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New & Renewable Energy Department.

Appendix-I

HIGH POWERED COMMITTEE EMPOWERED FOR SANCTION OF RENEWABLE ENERGY POWER PROJECTS ABOVE 5 MW.

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| 1. | Administrative Secretary, New & Renewable Energy Department, Haryana | Chairman |
| 2. | Chairman, HAREDA | Member |
| 3. | Special Secretary, Finance Department | Member |
| 4. | Managing Director, UHBVN/HPPC | Member |
| 5. | Director, Agriculture & Farmer Welfare Department | Member |
| 6. | Director, Industries & Commerce Department | Member |
| 7. | Director, Environment Department | Member |
| 8. | Director General, New & Renewable Energy Deptt. | Member Secretary |