

# CONTENTS

<b>1.</b>	<b>TITLE</b>	<b>1</b>
<b>2.</b>	<b>SCOPE AND OBJECTIVES</b>	<b>1</b>
<b>3.</b>	<b>NODAL AGENCY</b>	<b>2</b>
<b>4.</b>	<b>ELIGIBILITY</b>	<b>2</b>
<b>5.</b>	<b>PROJECTS AND MODE OF IMPLEMENTATION</b>	<b>2</b>
<b>6.</b>	<b>PREQUALIFICATION</b>	<b>3</b>
<b>7.</b>	<b>PROCESS OF ALLOTMENT OF PROJECTS</b>	<b>4</b>
<b>8.</b>	<b>STATUTORY AND NON-STATUTORY CLEARANCES</b>	<b>5</b>
<b>9.</b>	<b>TIMELINES FOR EXECUTION OF PROJECT</b>	<b>6</b>
<b>10.</b>	<b>CONCESSION PERIOD</b>	<b>7</b>
<b>11.</b>	<b>LAND ACQUISITION AND OWNERSHIP</b>	<b>8</b>
<b>12.</b>	<b>SALE OF POWER</b>	<b>9</b>
<b>13.</b>	<b>OPEN ACCESS/WHEELING CHARGES</b>	<b>10</b>
<b>14.</b>	<b>DISPATCH</b>	<b>11</b>
<b>15.</b>	<b>INCENTIVES/ DISINCENTIVE ON FREE POWER</b>	<b>11</b>
<b>16.</b>	<b>LOCAL AREA DEVELOPMENT</b>	<b>12</b>
<b>17.</b>	<b>INCENTIVES BY THE STATE GOVERNMENT</b>	<b>12</b>
<b>18.</b>	<b>CLEAN DEVELOPMENT MECHANISM BENEFITS</b>	<b>13</b>
<b>19.</b>	<b>TRANSFER OF ALLOTMENT</b>	<b>13</b>
<b>20.</b>	<b>ROLE OF JKPDD</b>	<b>13</b>
<b>21.</b>	<b>REGULATORY AUTHORITY</b>	<b>13</b>
<b>22.</b>	<b>DUE DILIGENCE</b>	<b>13</b>
<b>23.</b>	<b>COMMITMENT TO SUSTAINABLE HYDROPOWER</b>	<b>14</b>
<b>24.</b>	<b>DISPUTE RSOLUTION AND ARBITRATION</b>	<b>15</b>
<b>25.</b>	<b>POWER TO AMEND</b>	<b>15</b>
<b>26.</b>	<b>THIRD PARTY INSPECTION AND MONITORING</b>	<b>15</b>
<b>27.</b>	<b>APPLICABILITY</b>	<b>15</b>
	<b>DEFINITIONS &amp; ABBREVIATIONS</b>	<b>16</b>

**1 TITLE:-**

**J&K State Hydroelectric Projects Development Policy 2017.**

**2 SCOPE AND OBJECTIVES:-**

**2.1**The State of Jammu & Kashmir is bestowed with an estimated hydro-power potential of 20,000 MW out of which 16475 MW has already been identified by Central Electricity Authority. While so far only 3263.46 MW (i.e. 16.3 % of estimated potential) has been exploited, the achievement with respect to harnessing of small-hydropower (upto 25 MW) has been particularly dismal. The objective of this policy is to lay down a framework for optimum harnessing of hydropower resources of the state, particularly the small hydropower, and to promote entrepreneurship and private sector investment so that small hydropower can be promoted as an attractive economic enterprise.

**2.2**Although the state had earlier notified the Policy for Development of Small Hydro-power 2003 and J&K State Hydro-electric Projects Development policy 2011, it has become imperative to come up with a new policy that encompasses the learnings of past so many years, is investor friendly, facilitates the partnerships with private sector, and focuses on time-bound implementation of the hydro-power projects in an environmentally sustainable manner.

**2.3**This policy shall be applicable for projects with capacity above 10 MW – 100 MW that are proposed to be developed under IPP mode.

**2.4**JKSPDC may include projects above 100 MW under the ambit of this policy and may exclude projects less than 100 MW from implementation procedure envisaged here.

### **3 NODAL AGENCY:-**

**J&K State Power Development Corporation Ltd shall be the nodal agency and will invite bids for development of identified projects from eligible participants.**

### **4 ELIGIBILITY:-**

**4.1A prospective developer eligible to bid under this policy may include:**

- a. Any Investor such as Private Ltd. Company/Public Ltd. Company/ State Governments or any other Government or non Government entity or their joint ventures or consortiums.**
- b. Partnership concern.**
- c. Sole Proprietary/Start-ups/Entrepreneur.**
- d. Joint Venture Company.**
- e. Co-operative Society**
- f. Self-Help Groups**
- g. An entity created as a result of Public Private Partnership between the GoJK /JKSPDC and private parties.**

**4.2 The eligibility of the prospective developers shall be determined through a process of pre-qualification.**

### **5 PROJECTS AND MODE OF IMPLEMENTATION:-**

**The projects to be developed under this policy shall be implemented under the following modes:**

**5.1 Where the Pre-Feasibility Report or Detailed Project Report is available off the shelf with JKSPDC it may be made available to the Developers against a fee which will cover at least the audited cost of such studies and the site awarded through National Competitive Bidding.**

**5.2 Raw-Site projects which are identified by eligible investor/developer (self identified projects) but have not been identified by JKSPDC or any other public (JKEDA) and/or private sector entity, will be registered on first come first serve basis and subsequently awarded for implementation provided the developer fulfills the requirements as prescribed under this policy. Such Projects shall be awarded through Swiss Challenge method with the first right of refusal to the developer who has identified the project.**

**5.3 The Developer shall at its own cost examine, evaluate and form its own opinion and conclusions on any or all aspects of the PFR or Detailed Project Report or carry out any additional studies and investigations to determine its own assessment about the feasibility and or the design of the project as part of its due diligence. For the purpose, JKSPDC and or any other entity of the Government may act as a facilitator.**

## **6 PREQUALIFICATION:-**

**6.1 Pre-qualification of the bidders shall be based on:**

- a. Primary Qualification: Financial capacity to mobilize required resources and bring in or raise equity contribution. The prospective developer who is a State Subject or a JV with State Subject as a majority shareholder should have a Net Worth of Rs. 1 Cr per MW and an average annual Turnover for three out of last five years of Rs. 70 Lac per MW. Other developers should have a net worth of Rs. 2 Cr per MW and an average annual Turnover for three out of last five years of Rs. 1.5 Cr per MW.**
- b. Secondary Qualification: Experience of developing hydropower projects with at-least one project of 80%**

**capacity of the project to be allotted or two projects of 50% capacity or three projects of 40% of the capacity of the project to be allotted.**

**6.2 New comers/entrepreneurs who are State Subjects or where State Subject has a majority share in a Joint Venture and meet the qualification at 6.1a but do not meet the qualifications as indicated in 6.1b can also be considered subject to having experience in infrastructure development. However this exemption shall be available for projects up-to 25 MW only.**

## **7 PROCESS OF ALLOTMENT OF PROJECTS:-**

**7.1 The allotment of the project shall be on the basis of competitive bidding as specified in the RFP.**

**7.2 Applications must be accompanied with refundable bank draft of Rs. 1, 00,000 and a non-refundable bank draft of Rs. 30,000 payable to JKSPDC.**

**7.3 Eligible bidders will be technically and financially evaluated as per the criteria mentioned in the RfQ/RFP of the corresponding project by giving scores/weightage to bid variables. Additional points to be notified in the RfP may be given across the board to bidders who are State Subjects.**

**7.4 Following shall be the bidding variables.**

- a. Upfront premium(non-refundable) – A minimum of Rs. 2 Lac per MW**
- b. Percentage of free power with a minimum of 10% of Generation.**
- c. Terminal value**

**7.5** The bidders will be required to quote higher than the threshold limit and the one quoting the highest will be declared successful provided otherwise it meets the other eligibility criteria.

**7.6** In case JKSPDC is not able to select developers of the projects through competitive bidding route for any reason, it may adopt any other method for selection of developer including a direct allotment based on a Memorandum of Understanding (MoU) or Swiss Challenge. The MoU shall be signed by taking into account the reasonability of rates, technical experience of the developer and preference shall be given to a developer who has already developed a project of similar nature in the state.

## **8 STATUTORY AND NON-STATUTORY CLEARANCES:-**

**8.1.1** It shall be the primary responsibility of the Developer to obtain all statutory and non statutory clearance and NOC's from various Departments viz Forests & Environment, Irrigation & PHE, Tourism, R&B, Geology & Mining, Revenue, Fisheries and Pollution Control Board.

**8.1.2** The government shall set up a single-window clearance mechanism under the respective Deputy Commissioner or any other designated authority for giving all required clearances in a time-bound manner, with the service notified under the Public Service Guarantee Act.

**8.1.3** For projects which do not fall under the purview of CEA, the techno-economic and

**safety clearance shall be granted by JKSPDC to the developers who shall submit the DPRs as per timelines specified in the Letter of Award. The Developers are advised to base their DPRs on the relevant guidelines issued by Central Electricity Authority/CWC/GSI and all other allied organizations.**

**8.2 Implementation of projects shall be governed by Indus Waters Treaty 1960 signed between India and Pakistan and therefore have to be cleared from Indus Water Treaty angle. This clearance shall be facilitated by the JKSPDC. However, necessary documents, drawings, technical details, formats etc shall be provided by the Developer including services of technical consultants for clarification before the Indus Commission as may be required.**

**9 TIMELINES FOR EXECUTION OF PROJECT:-**

**9.1 Timelines for execution of a project allotted to the developer shall be as follows**

<b>Activity</b>	<b>Indicative Timelines (in months)</b>
<b>Letter of Award</b>	<b>T<sub>0</sub></b>
<b>Payment of Upfront Premium along with Performance Guarantee(@ Rs 3 lac per MW) by the developer</b>	<b>T<sub>0</sub>+2</b>
<b>Investigation &amp; submission of DPR by the IPP</b>	<b>T<sub>0</sub>+18</b>
<b>TEC of DPR by JKSPDC after submission of all the necessary documents and clarifications by the developer</b>	<b>T<sub>0</sub>+22</b>

<b>Signing of the Implementation Agreement between the developer &amp; JKSPDC</b>	<b>T<sub>0</sub>+23</b>
<b>Obtaining of all clearances and achieving Financial Closure by the developer</b>	<b>T<sub>0</sub>+30</b>
<b>Scheduled COD of the Project</b>	<b>Shall be fixed by JKSPDC while according TEC.</b>

**9.2** In cases where upfront premium is not paid within the given time, the developer shall be given a notice by JKSPDC. In case of the failure to deposit the upfront premium within one month from the issuance of the notice and in absence of a reasonable cause for such delay beyond the control of the developer, the allotment shall be deemed to be cancelled and offer can be made to next bidder in the competition.

**9.3** In cases where the developer has not submitted the DPR even after the lapse of time allowed for such preparation under this policy, the developer shall be given a notice by JKSPDC. In case of the failure to show reasonable cause for the delay and not beyond 2 months after issuance of such notice, the allotment of the project may be cancelled and the performance guarantee invoked and offer can be made to next bidder in the competition.

## **10 CONCESSION PERIOD:-**

**10.1** The projects shall be offered for the Concession Period of 35 years from the scheduled COD which shall be fixed while according of Techno Economic Clearance (TEC) by JKSPDC/CEA after allowing for suitable construction period from the date of award of the project.

**10.2** At the end of the Concession Period, the projects without any encumbrances shall be ordinarily transferred to JKSPDC on payment of terminal value to the developer.



**10.3 JKSPDC or its authorized agencies can carry out mandatory inspections on regular basis to ensure that the project is being constructed, run and maintained in accordance with the terms of the implementation agreement. The developer shall provide unhindered access to JKSPDC to enter the project.**

**11 LAND ACQUISITION AND OWNERSHIP:-**

**11.1 If the developer is a State Subject then land can be privately acquired by the developer.**

**11.2 In case of a Joint Venture where a State Subject is a majority partner, the land can be privately acquired by the developer in the name of State Subject Majority partner.**

**11.3 In case of a developer who is a non State Subject or in case of a Joint Venture where the State Subject is a minority shareholder, the land shall be acquired by JKSPDC through the District Collector with the funds provided by the developer. The land shall be leased to the developer for the period of concession viz 35 years from COD. Use of Forest Land will be governed by the relevant provisions of the Forest Act.**

**11.4 State Land will be leased out to the developer for a period of 35 years from COD.**

**11.5 In cases where the land acquisition has to be done through JKSPDC, the land acquisition premium shall be deposited with JKSPDC at the time when DPR is submitted for accord of TEC. The developer may choose to deposit the amount before that to facilitate early acquisition of land.**

**11.6 At the end of the concession period of 35 years from COD**

**the developer shall transfer the project back to JKSPDC along with land at the terminal value.**

**11.7 Construction of project infrastructure including approach roads, arrangement for water supply, power for construction purpose, etc. shall be the responsibility of the developer and the cost thereof shall be borne entirely by the developer.**

**11.8 The developer will be responsible for all project related activities pertaining to environmental aspects.**

**11.9 In case of canal fall schemes, the availability of water in the canal will be subject to irrigation demand and to that extent the developer shall not have any right over water for power generation.**

## **12 SALE OF POWER:-**

**12.1 The developer shall be free to sell entire power (after deducting free power and LADF) within or outside the State.**

**12.2 While doing so, the developer shall first give a choice to State Power Development Department/DISCOM to buy the entire power or a certain percentage of it as per the requirement of the Department, through a communication in writing. The State Power Development Department/DISCOM shall take a decision on this matter within a period of one month failing which it shall be presumed to be deemed refusal to buy power and the developer can go ahead with exploration of other buyers.**

**12.3 In case the developer is unable to find buyers, Power Development Department shall mandatorily buy 30% power**

**from the developer at SERC determined rates through a power purchase agreement.**

**13 OPEN ACCESS/WHEELING CHARGES:-**

**13.1 On allotment of a project, the developer will approach the appropriate utility for grant of open access, which shall analyze the system availability and grant open access, duly identifying the interconnection point, infrastructure required up to the interconnection point, specifications, evacuation voltage, etc.**

**13.2 The developer shall be responsible for creating the necessary infrastructure to facilitate the connectivity/synchronization with the Grid up-to 5 KMS beyond which the developer and the state Government shall share the cost required for making necessary arrangements for power evacuation.**

**13.3 The infrastructural facilities of TU, as available, will be provided to developer for wheeling and transmitting the generated energy.**

**13.4 The T&D losses for intrastate wheeling/transmission shall be as per the JKSERC regulations for State Transmission Utility/State Distribution utility network and for wheeling/transmitting beyond STU on CTU network, it shall be as per CERC regulations.**

**13.5 Wheeling charges for wheeling the generated energy to bulk purchaser/third party consumers will be as determined by the Central Electricity Regulatory Commission (CERC) / (JKSERC) as the case may be.**

**13.6 The JKPDD shall prepare a standard wheeling agreement consistent with this policy statement and the same shall be made available to the developer/IPP's at the appropriate time. JKPDD will determine the specifications of the evacuation facilities required including the interconnection point and voltage and the same would be specified in the project information document provided. The JKPDD (as the case may be) shall carry out the implementation of evacuation facilities at charges as determined by JKSERC. JKPDD shall construct transmission line to the nearest pooling station to facilitate the evacuation of power.**

**13.7 Transmission line can be constructed by the developer if it feels that there may be delay in the construction of transmission line or in case of captive plants and cost on account of this shall be suitably factored in the tariff.**

**14 DISPATCH:-**

**Priority will be accorded for dispatch of power into the grid generated by the developer ahead of merit order and any other source of supply, subject to any overall restrictions on the proportion of power that may be bought from such sources, which may be imposed by the Government/Regulator in the interest of keeping the overall cost of power purchase within reasonable limits.**

**15 INCENTIVE/DISINCENTIVE ON FREE POWER:-**

**15.1 To ensure the financial viability of hydropower projects and make the projects investor friendly, there shall be an exemption on free power for first ten years after COD.**

**15.2 In case the developer completes/commissions the project before the scheduled date as agreed in LoA, as an incentive, the**

**differential period of generation shall be exempted from free power supply to state.**

**15.3 In case developer delays the commissioning of the project beyond scheduled date, for calculation of free power the differential period of non-generation shall be deducted from the 10 year exemption limit.**

**16 LOCAL AREA DEVELOPMENT:-**

**Immediately after commissioning, an amount worth 1% power of the total generation at source shall have to be contributed as Local Area development Fund by the developer, to be deposited with the Deputy Commissioner of the District where the project is located. This money shall be spent on developmental activities within 5Kms radius from the project/powerhouse.**

**17 INCENTIVES BY THE STATE GOVERNMENT:-**

**The following incentives shall be available to the projects which are implemented and commissioned during the Operative Period of the policy:**

**17.1 The construction material, machinery and equipment purchased for installation of hydro plants shall be exempted from payment of Entry Tax and from payment of VAT subject to transition in GST regime in future.**

**17.2 Other tax exemptions which are given to the Industries as per the J&K Industrial and Investment Promotion Policy 2016 shall be applicable to the projects in the state which will be registered as an Industrial unit.**

**17.3 The Projects awarded under this policy shall be exempted from the payment of water usage charges levied under the “J&K Water Resources Regulation & Management ACT”.**

**18 CLEAN DEVELOPMENT MECHANISM BENEFITS:-**

**CDM benefits shall be shared between the developer and the principle as per the standard practice.**

**19 TRANSFER OF ALLOTMENT:-**

**The Project is non-transferable and can be transferred back only to JKSPDC.**

**20 ROLE OF JKPDD:-**

**20.1 The JKPDD or its successor company shall be responsible for preparing the power purchase agreement and settlement of standard royalty arrangements.**

**20.2 The JKPDD or its successor company will be responsible for determination of evacuation requirement, transmission and scheduling of power, substation and grid management.**

**21 REGULATORY AUTHORITY:-**

**Aspects of this policy that require Regulatory approvals from the concerned regulatory aspects of this policy would be subject to such approvals being given and would apply in the manner approved by the J&K State Electricity Regulatory Commission. Any safety requirements of the plant will be governed as per the rules, regulations, and directives in place under Electricity Act.**

**22 DUE DILIGENCE:-**

**22.1 The developers shall be responsible for carrying out due diligence with regard to their compliance responsibilities**

**under various applicable Central/State/other laws, rules and regulations, and ensure compliance with the same.**

**22.2 Since potential sites would be notified on the basis of preliminary reconnaissance and PFRs only, the developers are expected to verify various project related parameters viz. discharge, head, water availability, habitation, etc. The information contained in the PFR is only indicative and JKSPDC shall not be responsible for the accuracy of the information contained therein. Developers shall also ensure that the Project components do not fall in wild life sanctuaries, National parks, eco protection zones, etc. and also do not interfere / overlap with the existing/ ongoing Hydro-Power Projects.**

**22.3 The developers will ensure that no damage is caused to the Environment during the Project execution including the survey & Investigation and all the safeguards are put in place as per requirement and law of the Land.**

**22.4 The developer may surrender the allotment if on formulation of the DPR within the stipulated time-frame, it establishes, to the entire satisfaction of JKSPDC, that the project is techno-economically unviable. On such surrender, the performance guarantee would be released and the premium amount would be refunded to the developer. However, any other cost incurred by the developer like on Survey Investigation, Preparation of DPR etc shall have to be borne by the developer.**

## **23 COMMITMENT TO SUSTAINABLE HYDROPOWER:**

**This policy seeks to develop hydropower resources in an environmentally sustainable manner. Therefore the developer shall**

**fulfill all the obligations with respect to adoption of practices, processes and technologies that preserve and promote environmental wellbeing and welfare of the local communities.**

**24 DISPUTE RESOLUTION AND ARBITRATION:-**

**In the event of a dispute, the interpretation of these guidelines made by the Government of J&K shall be final. In all such matters, to the extent practicable, an opportunity shall be given to affected stakeholders to be heard before the Government takes any decision.**

**25 POWER TO AMEND:-**

**As things become obsolete with time to time this policy may be updated & amended as per the future requirement.**

**26 THIRD PARTY INSPECTION AND MONITORING:-**

**JKSPDC will monitor the execution of projects and certify achievement of various milestones and also ensure adherence to safety standards and environment protection measures.**

**27 APPLICABILITY:-**

**This policy shall come into operation from the day it is published in the state gazette and shall be applicable to projects allotted under this policy.**



## **DEFINITIONS & ABBREVIATIONS**

<b>CDM</b>	<b>Clean Development Mechanism</b>
<b>CEA</b>	<b>Central Electricity Authority</b>
<b>CWC</b>	<b>Central Water Commission</b>
<b>COD</b>	<b>Commercial Operation Date. This would mean the date on which the project begins commercial operation.</b>
<b>Concession Period</b>	<b>Concession Period shall mean the period of operation of the project by the IPP from scheduled COD.</b>
<b>CTU</b>	<b>Central Transmission Utility.</b>
<b>DPR</b>	<b>Detailed Project Report.</b>
<b>PFR</b>	<b>Pre Feasibility Report.</b>
<b>GoJK</b>	<b>Government of Jammu and Kashmir.</b>
<b>GSI</b>	<b>Geological Survey of India.</b>
<b>HEP</b>	<b>Hydro Electric Project.</b>
<b>IPP</b>	<b>Independent Power Producer.</b>
<b>JKEDA</b>	<b>Jammu &amp; Kashmir Energy Development Agency</b>
<b>JKSPDC</b>	<b>Jammu &amp; Kashmir State Power Development Corporation Limited.</b>
<b>JKSERC</b>	<b>J&amp;K State Electricity Regulatory Commission.</b>
<b>JKPDD</b>	<b>Jammu &amp; Kashmir Power Development Department.</b>
<b>JV</b>	<b>Joint Venture.</b>
<b>LADF</b>	<b>Local Area Development Fund.</b>
<b>MoU</b>	<b>Memorandum of Understanding.</b>

<b>NCB</b>	<b>National Competitive Bidding.</b>
<b>PPA</b>	<b>Power Purchase Agreement.</b>
<b>RFP</b>	<b>Request for Proposal.</b>
<b>RFQ</b>	<b>Request for Qualification.</b>
<b>SHP</b>	<b>Small Hydro Power Project.</b>
<b>TEC</b>	<b>Techno Economic Clearance.</b>
<b>T&amp;D</b>	<b>Transmission and Distribution.</b>
<b>TU</b>	<b>Transmission Utility -JKPDD or its successor(s).</b>