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Copy forwarded to the Chief Executive, Orissa Renewable Energy Development Agency, Bhubaneswar for information and necessary action.

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Under Secretary to Government

**GOVERNMENT OF ORISSA
SCIENCE & TECHNOLOGY DEPARTMENT**

No.6971/ST, Bhubaneswar,
ST-IV-RE-13/2005, dated, the 3rd Dec. 2005

RESOLUTION

Sub: Policy Guidelines on Power Generation from Non-Conventional Energy Sources.

The question of framing up of Policy Guidelines on matter relating to promotional and fiscal incentives for Power Generation from Nonconventional Energy Sources was under active consideration of Government for some time past.

After careful consideration, Government have been pleased to decide the following guidelines for implementation:

1.0 POTENTIAL SOURCES OF NON-CONVENTIONAL ENERGY FOR POWER GENERATION

Orissa is one of the most resource rich States in the country with opportunity to harness power from the following Non-conventional Energy Sources.

- | | |
|--------------------|--|
| i. Solar Power | : Photovoltaic Power mode |
| ii. Biomass Energy | : Bio-methanation, Gasification & Cogeneration, Sanitary Landfill & incineration Mode Agro/Animal and Municipal Waste. |



iii. Wind Energy	: Wind Power Generation mode
iv. Ocean/Tidal/Wave Energy	: Thermal/Hydro Power Mode
v. Micro/Mini/small Hydro Energy:	Hydro Power Mode
vi. Geothermal Energy	: Thermal Power generation mode.

2.0 DEFINITIONS

2.1 Micro Power Projects

New and Renewable Sources of Energy (NRSE) Power projects with total installed capacity upto 100 KW, having individual generation units with capacities from a few KW to 100 KW.

2.2 Mini Power Projects

NRSE Power Projects with total installed capacity upto 2000 KW (2 MW), having individual generation units with capacities from more than 100 KW to 1000 KW (1 MW).

2.3 Small Power Projects

NRSE Power Projects with total installed capacity upto 25 MW, having individual generation units with capacities from 1 MW to 5 MW.

3.0 OBJECTIVES & STRATEGIES

The main objective of the policy is to reduce dependence on Conventional Sources of Power Generation. Other objectives are:

3.1 Protecting the Environment

3.2 Generation of employment in large scale



GOVERNMENT OF ORISSA SCIENCE & TECHNOLOGY DEPARTMENT

No. 22/ST, Bhubaneswar,
ST-IV-RE-13/2005, dated, the 4th Jan. 2006

CORREGENDUM

The following amendment is made in Para - 13.4 of Policy Guidelines on Power Generation from Non-conventional Energy Resources” published vide this Department Resolution No 6971 / ST, dated 03.12.2005.

The word “Small” is inserted after the word “For” and before the word “Mini”.

All other contents / provisions of the Resolution referred in above and other Memos thereof remain unchanged.

By order of Governor,

P. K. Nayak
Secretary to Government,
Science & Technology Department.

Memo no. 23 (110)/ST Dated the 04th Jan. 2006

Copy forwarded to the Director, Printing Stationery and Publication, Orissa, Cuttack for publication of the Resolution in the next issue of Orissa Gazette.



ANNEXURE - 1

**APPLICATION FORM FOR SETTING UP POWER PROJECT
BASED ON NRSE IN ORISSA**

1. Name of the Project:
2. Address:
3. Telephone/Fax/E-mail/Website:
4. Name of the proposed project:
5. Sources of energy:
6. District in which the project will be located:
7. Proposed installed capacity:
8. Capacity of individual units:
9. Total cost of the project:
10. Financing plan of the project:
11. Copy of the last Audited Financial Report of the Producer.
12. Purpose of the project.

Signature

(Three copies of the pre-feasibility/detailed survey and investigation report is to be submitted along with the application)



- 3.3 Generation of Grid-quality power from NRSE so as to reduce dependence on Conventional Sources of Power.
- 3.4 Encourage entrepreneurial investment in NRSE
- 3.5 Provide such rational fiscal and promotional incentives so as to provide conducive atmosphere to attract private investment.

4.0 OPERATIVE PERIOD

The scheme of promotional and fiscal incentives will come into operation with immediate effect and will remain in force for a period of TEN years.

5.0 ELIGIBILITY

Any willing Public Sector or Private Entrepreneur, Registered NGOs, Cooperatives, Consortia etc. will be considered by the State Government for setting up such projects, if in the opinion of the State Government the party is found capable on the following criteria.

- 5.1 Technical soundness of the pre-feasibility Survey & Investigation.
- 5.2 Financial solvency of the party
- 5.3 Experience of the party in the relevant field.

The State Government will enter into MOU with such eligible parties.

6.0 GRID INTERFACING & METERING

Grid Interfacing, required to connect the generating units, will have to be constructed by the Developers/Promoters, all at their cost. Scheme for the proposed interconnecting lines and Substation to the nearest 33/11 KV Substation or 132/220/33 KV Grid Substation will require the approval of GRIDCO/DISTCOS and should be included in the DPR.



- 6.1 Interconnection lines and Substation are to be constructed and maintained by the Developer. GRIDCO/DISTCOS may also maintain the same by mutual agreement on payment of annual charges as per the rules and regulations of GRIDCO/DISTCOS.
- 6.2 The main and check meters should be installed by the developer at the interconnection point of GRIDCO/DISTCOS Substation after due testing by GRIDCO/DISTCOS or by the Standard Testing Laboratory under the Chief Electrical Inspector, Government of Orissa and duly sealed in the presence of both the parties. The type of meter is to be chosen in consultation with GRIDCO/DISTCOS.
- 6.3 The meter rent/charges does not arise
- 6.4 The required protective devices, as approved by GRIDCO/DISTCOS and as per prudent practices, should be incorporated.
- 6.5 GRIDCO/DISTCOS shall not be liable for any compensation or any damage to the Developer's equipment due to abnormal Grid conditions. The developer should provide required protection facilities to safeguard his equipment against abnormal Grid conditions.

7.0 WHEELING

A Generating Company, intending to set-up a NRSE Plant, does not need a licence or prior approval or consent from any authority as envisaged in Section 7 of the Electricity Act, 2003.

A Developer may utilise the Power generated through the Power Plant for Captive use at the place of generation or open access to seek transmission/distribution system of GRIDCO/DISTCOS to carry the



Government, all Heads of the Departments, all Collectors and Chief Accountant General, Orissa, Bhubaneswar for information and necessary action.

By Order of Governor

P.K. Nayak

Secretary to Government
Science & Technology Department

Memo No 6972/ST Dated the 3rd Dec. 2005

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Under Secretary to Government



the project. For such activities, OREDA shall charge the Producer at a uniform rate of Rs.0.01 for every KWh power generated on a quarterly basis.

- 14.13 In the event of the project work not being started within a year of approval of the PPA, the MOU and the PPA will automatically stand cancelled.

15.0 THIS RESOLUTION SHALL COME INTO FORCE WITH IMMEDIATE EFFECT.

16.0

This has been concurred in by the Department of Energy in their UOR No.7-ENR, dated 20.12.2000 and UOI No.3(E) dated 17.06.2003, by the Industries Department in their UOI No.1-I dated 01.01.2001 and by the Finance Department in their UOR No.160-PSF, dated 16.01.2002.

This has been approved by the Orissa Electricity Regulatory Commission (OERC) vide their letter no.JD(T/ENG)-165/02/2077 dated 26.12.2002.

Subsequently the draft Policy Guidelines was modified in accordance with the Electricity Act-2003 and re-vetted by the Department of Energy vide their UOI No.RE-Non-Con-1/05-58 (E) dt.19.5.2005. Finance Department vide their UOR No.195-ES-III dt.26.5.2005, UOR-26(1)-CT-I dt.4.6.2005 and Law Department vide their UOR-102/L dt.2.7.2005.

ORDER: Ordered that the resolution be published in the next issue of Orissa Gazette and copies thereof forwarded to all Departments of the



power to the destination of its use subject to Technical Feasibility on payment of transmission/distribution and Wheeling as approved by OERC, as required under Section 9 of the Act, 2003.

Transmission capacity permitting, a Developer or a Generating Company shall be allowed to transmit energy outside the State on payment of transmission/wheeling charges to be determined by the OERC in accordance to Section 62 (1) (a) of the Act, 2003.

Inside the State the Developer or Generating Company may supply Energy to anyone or any area not served by the Licensees. No licence is necessary if a person generates and distributes electricity in Rural Areas to be notified by the State Government as per Section 14 of the Act, 2003.

8.0 POWER BANKING

Banking of Energy generated through a Captive NRSE Plant shall be allowed on Annual basis. The financial year shall be reckoned for the purpose. Unutilised Energy during the year may be paid as per the rates to be negotiated between the parties. 2.5% of energy dispatched shall be deducted towards Banking Charges.

9.0 SALE OF POWER

9.1 While the Developer does not acquire the right to sell Energy to Bulk Suppliers/Distribution Licensees, he may be allowed to do so, on a basis of a Power Purchase Agreement (PPA) with the Licensees to be approved by OERC.

9.2 Energy from the Project, not utilised during the year by the Developer for his captive use will be treated as sold to GRIDCO/ DISTCOS at the price to be negotiated with them and approved by OERC.



- 9.3 The consumption by Industry should not normally be in excess of the dispatch from the Captive Power Plant (CPP). However, over-drawal, if any, over the financial year would be billed at the highest cost of power being procured by GRIDCO/DISTCOS during the year, plus wheeling charges as determined from time to time.
- 9.4 The Developer of the Captive Power Plant would be treated as an Electricity Operator, if it remains connected to the Grid.
- 9.5 The above norms and guidelines would apply only to NRSE Power Projects and are subject to change pursuant to any change in Regulatory Framework and Power Scenario of the State. In case there is any conflict between the Policy Guidelines and other Statutory Provisions, the latter shall prevail.

10.0 INCENTIVES

- 10.1 In pursuance of the decision taken by all the States and Union Territories regarding reforms in Sales Tax, the Government have decided that no Sales Tax incentives will be extended to the Industrial Units in the State.
- 10.2 The following incentives as per IPR 2001 as amended from time to time would apply:
- I) A power plant Generating Power from Non-conventional Sources set up after the effective date shall be deemed to be a new industrial unit. These plants will not be liable to pay Electricity duty.
 - II) Government land earmarked for Industry under the "Land Bank" scheme and other Government land wherever applicable will be allotted for units generating power from Non-conventional Sources.



- Executive, OREDA and DISTCOS/any other lawful authority for approval. The Chief Executive, OREDA will process the DPR for placement before the STC.
- 14.7 The STC will scrutinise and approve the DPR on receipt of the clearance for power evacuation arrangements from GRIDCO/DISTCOS/any other lawful authority.
- 14.8 The Producer for Captive use would then seek permission of OERC after receipt of which shall start setting up the project.
- 14.9 The IPP Producer may prepare Tariff Schedule for sale of power and submit the same to GRIDCO/DISTCOS and State Government through the Chief Executive, OREDA for approval. On receipt of the approval they would take up the project.
- 14.10 DISTCOS may approve the tariff schedule if the cost per KWh is within + 10% of the highest cost of energy purchased by the DISTCOS during the year from any source. If the cost is higher than the limit it will be subject to detailed scrutiny and specific approval of the State Government considering the T&D losses for Power Transmission.
- 14.11 DISTCOS will adopt a sample Power Purchase Agreement (PPA) document through which the IPP Producer will enter into a long term agreement with the DISTCOS.
- 14.12 All commissioned projects will be reviewed for their fitness and power generation capabilities every 2 years by OREDA basing on which OREDA shall recommend to the STC for continuation/upgradation of the project as the case may be. OREDA shall also provide necessary Technical Guidelines for upgradation of



with brief pre-feasibility reports on payment of Rs.500/- per set. However, the Producer is free to identify, investigate and prepare pre-feasibility report on his own.

- 14.2 The Chief Executive, OREDA will advertise, in the month of January every year, all the feasible projects available (including the ones left out during the previous year), inviting letters of interest asking for offers from Producers interested to take up such projects. Offers received will be considered on a quarterly basis.
- 14.3 First preference will be given to the Producer who wants to set up the project as Captive Power Plant, exclusively for their own use.
- 14.4 A Producer, who investigates the project, will have first right to take up the project. After receipt of the letters of interest, the same will be segregated into CPP and Independent Power Plant (IPP) Groups. The State Government will allocate projects through MOUs, on receipt of a report from the Chief Executive, OREDA. In case there are more than one application for a single project, the same will be short listed by the STC through a pre-qualification process. In case there is no response for any particular project, the same will be assigned to intending Producers on a “first come first serve” basis.
- 14.5 The State Government will allocate specific projects to specific Producers based on pre-qualification evaluation judged by the STC.
- 14.6 The Producer shall then prepare DPR along with a Power Evacuation Agreement (PEA) and submit it to the Chief



- 10.3 No transmission charges shall be levied for CPP or NRSE maintenance for a period of 5 years from the date of commissioning.

11.0 GUIDELINE FOR PREPARATION OF PROJECT REPORT

The intending Producer, after signing the MOU, shall arrange to prepare DPR through a reputed Consultant and submit the same to the Chief Executive, OREDA for detailed scrutiny. Capital Subsidy allowable, Financial Assistance of IREDA (if sought for), MNES Subsidies and other such allowable financial & fiscal incentives shall be considered by the Chief Executive, OREDA, at this stage. Thereafter, clearance by the State Technical Committee (STC), consisting of the following members, will be processed.

- | | | |
|--|---|----------|
| 2. Secretary to Govt,
Science & Technology Dept. | - | Chairman |
| 3. Secretary to Govt.
Department of Energy | - | Member |
| 4. Secretary to Govt.
Industries Department | - | Member |
| 5. Additional Secretary to Govt.
Science & Technology Dept. | - | Member |
| 6. Engineer in Chief Electricity-
Cum-Electrical Projects,
Govt. of Orissa | - | Member |
| 7. Chairman-Cum-Managing Director
GRIDCO | - | Member |



- | | | |
|---|---|-----------------|
| 8. Managing Director
DISTCOS (concerned) | - | Member |
| 9. Regional Project Officer
Ministry of Non-Conventional
Energy Sources | - | Member |
| 10. Divisional Head of
concerned Project, OREDA | - | Member |
| 11. Chief Executive
OREDA | - | Member-Convener |

12.0 CLEARANCE

Clearances from the State Government Agencies like State Pollution Control Board, State Forest & Environment Department, Water Resources Department, Wasteland Board etc. shall be as per prevailing guidelines. The Producer should arrange to get these clearances before submission of the DPR to the STC. The State Government will, however, extend all possible cooperation for obtaining such clearances. The State-level Nodal Committee constituted under Industrial Policy may review approval/implementation of these projects and sort out inter-departmental issues.

13.0 APPLICATION PROCEDURES

13.1 Eligible entrepreneurs, interested for setting up Power Projects based on NRSE and further grid-interface, may apply to Chief Executive, OREDA in the prescribed format (Annexure-A), who will process and submit the same to the Government in the Science & Technology Department for approval. Where Grid interface is required, approval of GRIDCO/DISTCOS will be



- necessary. Disputes, if any, on open access will be resolved by OERC.
- 13.2 If the applicant does not take effective steps (i.e. at least 10% of the total project cost should be incurred) to implement the project within 6 months from the date of obtaining possession of land, the agreement shall be terminated and the site allocated to another applicant. If, on the other hand, land is not provided within 6 months from the date of the agreement the applicant will have the option to terminate the agreement.
- 13.3 Orissa Renewable Energy Development Agency, in short OREDA, will act as the Nodal Agency for the entire programme and function as the single window for promotion and facilitation of all projects.
- 13.4 For mini and micro hydel projects Administrative Department will be the Energy Department and the Science & Technology Department, Government of Orissa will handle rest of the programmes.
- 13.5 A State-level Committee shall be constituted to frame the rules and make suggestions to the State Government from time to time.
- 13.6 In case of any doubts or difficulties in interpretation of any item of this Policy or implementation thereof, shall be finally decided or resolved by the Government in Science & Technology Department.

14.0 PROCEDURE FOR SETTING UP OF POWER PLANT PROJECTS BASED ON NRSE IN ORISSA

14.1 The Chief Executive, OREDA will make a list of all such projects with salient details available to the intending Producers, along