



Draft Hydropower Policy 2022

Jammu and Kashmir

28th June 2022



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1. Hydro-Power

- I. Jammu & Kashmir is bestowed with an estimated hydro-power potential out of which 14,867 MW has already been identified by Central Electricity Authority. While so far only 3,505 MW (~23 % of estimated potential) has been exploited, the achievement with respect to harnessing of small-hydropower (up to 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 J&K, particularly the small hydropower, and at the same time to promote entrepreneurship and private sector investment so that hydropower can be promoted as an attractive economic enterprise while enhancing the availability of cheap and clean electric power for the J&K.
- II. JKSPDC had earlier notified Policy for Development of Small Hydro-power 2003 and J&K State Hydro-electric Projects Development policy 2011, but it has become imperative to come up with an updated policy that encompasses the learnings of past years, is developer friendly, facilitates the partnerships with private sector, puts risks where they are best addressed, and focuses on time-bound implementation of the hydro-power projects in an environmentally sustainable manner.

1.1. Categorization of Hydropower Projects:

Based on potential available for hydropower generation in J&K, policy covers two categories:

1. Hydropower projects with capacity upto 25 MW.
2. Hydropower projects with capacity above 25 MW.

1.2. Nodal Agency

JAKEDA will be the nodal agency for projects upto 10 MW and above 10 MW
JKSPDC will be the nodal agency

1.3. Process of Allotment and Schedule of Events

- (i) All potential Projects/sites shall be advertised through Notice Inviting Proposals (NIP) in various News Papers for Global invitation of Bids from the eligible Bidders.
- (ii) Interested parties can submit Bids for one or more Projects. One Bid Document purchased shall hold good for submission of Bid only for the Project for which the bid document is purchased by the party. The Bids as well as the Processing Fee shall be submitted separately for each Project applied for.

- (iii) The Company/Consortium/JV shall adhere to equity participation in implementation of the Project as under:-
- (a) The Company shall retain their equity participation till three years after commissioning of the Project. Any change in Consortium/equity participation would automatically result in termination of MOU/IA and the Project shall revert back to the Government. No compensation whatsoever shall be payable by the Government in this regard. It may be further noted that all the correspondence shall be made with the party which signs the MOU/IA till such time as the authority vested in gives authorization to any other person with valid authorization of Board of Directors of the Company.
 - (b) The Government may consider the request of the Company for changing the name of the Company or Consortium subject to the condition that the Principal Promoter shall retain the controlling interest i.e. 51% equity in the new entity. In the event of any contravention, the Government of Himachal Pradesh shall terminate the I.A. forthwith at any stage. Jammu & Kashmir
 - (c) Free transfer of shares will be permitted in the Company's allotted Projects as per the prevailing Policy.
 - (d) The Company shall be permitted to incorporate a Special Purpose Vehicle (SPV) for the implementation of the Project with its registered office within Himachal Pradesh with the same equity participation as stated above. All rights and obligations under this agreement shall thereafter be transferred to new Company.
- (iv) Implementation of projects will be governed by Indus Waters Treaty 1960 signed between India and Pakistan and therefore have to be got cleared from Indus Waters Treaty angle by the Developer. However, JAKEDA/JKSPDC shall facilitate the process of getting the clearance.
- (v) The private land, if any, required for the project will have to be acquired by the IPP at its own cost and being part of the project would be property of the Nodal Agency at the end of 40 year concession period. If it is Government

land, it will be given on lease as per revenue rules of J&K. All necessary assistance in this regard will be provided by the nodal agency.

However, in respect of SHPs upto 10 MW capacity land shall be given on lease @Rs 1/- per Sqmt.

- (vi) Construction of project infrastructure including approach roads, arrangement for water supply, power for construction purposes, etc. will be the responsibility of the DEVELOPER and the cost thereof will be borne entirely by the Developer.
- (vii) After the Project is allotted, MOU / Pre-Implementation Agreement / Implementation Agreement as the case may be shall be signed. And following milestones shall be achieved by the Company failing which consequential action as mentioned below will be taken by the Government.

FOR PROJECTS UPTO 25MW INSTALLED CAPACITY - CATEGORY-I PROJECTS.

S. No.	Milestones	Time Period		Consequential Action.
		For Projects where PFR ready.	For Projects where the Feasibilities is to be ascertained by the Developer	
1	<p>Upfront Premium @ 1 lacs per MW for projects upto 2 MW Capacity.</p> <p>Upfront Premium @ 3 lacs per MW for projects above 2 MW upto 5 MW capacity.</p> <p>Upfront Premium @ 5 lacs per MW for projects above 5 MW upto 25 MW capacity.</p>	<p>50% at the time of signing of MOU,</p> <p>25% at the time of signing of Implementation Agreement and remaining 25%</p> <p>Immediately at the time of Financial Closure.</p>	<p>50% at the time of signing of MOU,</p> <p>25% at the time of signing of Implementation Agreement and remaining 25% immediately at the time of Financial closure.</p>	

2	Security Deposit as per tender condition	30 days from the date of signing of MOU	30 days from the date of signing of MOU	Cancellation of the MOU
3	A Compendium giving details of hydrological data/observations.	One year from the date of signing of MOU.	One year from the date of signing of MOU	Cancellation of the MOU and forfeiture of Security Deposit/ upfront Premium deposited
4	Topographical sheets prepared after conducting surveys.	One year from the date of signing of MOU	One year from the date of signing of MOU	-do-
5	A Compendium giving details of Geological/ Geophysical observations.	One year from the date of signing of MOU	One year from the date of signing of MOU	-do-
6	Conveyance of Feasibility/Non feasibility of the Project.		One year from the date of signing of MOU	-do-
7	A report on the Power Evacuation Arrangement envisaged by the Company.	One year from the date of signing of MOU	One year from the date of signing of MOU	-do-
8	Submission of Detailed Project Report.	18 months	24 months	-do-
9	Signing of the Implementation Agreement with the Government.	36 months after the date of signing of MOU.	42 months after the date of signing of MOU	Cancellation of the allotment of the Project and forfeiture of

				Security Deposit/ Upfront Premium, deposited.
10	Submission of necessary inputs for obtaining TEC proposal (s) for obtaining other statutory/ non statutory clearances (Diversion of Forest Land. Environmental & Forest Clearance. Pollution Clearance) and Acquisition of Land by the Company to the Government.	Within 8 months from the date the IA is signed.	Within 8 months from the date the IA is signed	Termination of Implementation Agreement and forfeiture of Security Deposit/Upfront Premium deposited.
11	To obtain required sanctions/ approvals/ clearances to the proposals submitted by the Government as per 10 above.	Within 10 months from the date of submission of Proposal (s) by the Company.	Within 10 months from the date of submission of proposal(s) by the Company.	Extension of prescribed period in the MOU subject to deposit of prescribed Extension fee of Rs.10,000/-per MW per month subject to a

				maximum of Rs. 50.00 lacs.
12	Achieving Financial Closure, signing of PPA, establishment of site office etc. and start of construction work on the Project.	Within 24 months from the date of signing of the IA or six months of obtaining the approvals/clearances mentioned at 11 above whichever is earlier.	Within 24 months from the date of signing of the IA or six months of obtaining the approvals/clearances mentioned at 11 above whichever is earlier.	Termination of the IA in case the construction work on the Project is not started and forfeiture of Security Deposit/Upfront Premium deposited.
13	Project commissioning (scheduled Commercial Operation Date of the Project)	As per Techno-economic Clearance of the DPR.	As per Techno-economic Clearance of the DPR.	Disincentive as per Clause stipulated in the IA.
14	Handing over of the Project to the Government free of cost.	The date falling 40 years after the Scheduled Commercial Operation Date of the Project.	The date falling 40 years after the Scheduled Commercial Operation Date of the Project.	Action as deemed fit.

FOR PROJECTS ABOVE 25 MW INSTALLED CAPACITY - CATEGORY- II PROJECTS.

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S. No.	Milestones	Time Period		Consequential Action.
		For Projects where PFR ready.	For Projects where the Feasibilities is to be ascertained by the Developer	
1	Upfront Premium @ Rs. 5 lacs per MW	50% at the time of allotment of Project, 25% at the time of signing of Implementation Agreement and remaining 25% immediately at the time of Financial Closure.	50% at the time of allotment of Project, 25% at the time of signing of Implementation Agreement and remaining 25% immediately at the time of Financial Closure.	
2	A Compendium giving details of hydrological data/ Observations.	One year from the date of signing of Pre implementation Agreement	One year from the date of signing of Pre-Implementation Agreement	Cancellation of the Pre-implementation Agreement and forfeiture of Upfront Premium deposited
3	Topographical sheets prepared after conducting surveys.	One year from the date of signing of Pre-implementation	One year from the date of signing of Pre-implementation	-do-

4	A Compendium giving details of Geological/Geophysical observations	One year from the date of signing of Pre-implementation Agreement	One year from the date of signing of Pre-implementation Agreement	-do-
5	Conveyance of Feasibility/Non-feasibility of the Project.		One year from the date of signing of Pre-implementation Agreement	-do-
6	A report on the Power Evacuation Arrangement envisaged by the Company.	One year from the date of signing of Pre-implementation Agreement	One year from the date of signing of Pre-implementation Agreement	-do-
7	Submission of DPR.	24 months from the date of signing of Pre-Implementation Agreement.	30 months from the date of signing of Pre-implementation Agreement	-do-
8	Signing of the Implementation Agreement with the Government.	36 months (30 months for Projects where DPR is prepared by HPSEB & is ready) after the date of signing of	42 months after the date of signing of Pre-implementation Agreement	Cancellation of the allotment of the Project and forfeiture of Upfront Premium deposited.

		Pre Implementation Agreement.		
9	Submission of necessary inputs for obtaining TEC proposal (s) for obtaining other statutory/non-statutory clearances (Diversion of Forest Land. Environmental & Forest Clearance. Pollution Clearance) and Acquisition of Land by the Company to the Government.	Within 8 months from the date the IA is signed.	Within 8 months from the date the IA is signed	Termination of Implementation Agreement and forfeiture of Security Deposit/Upfront Premium deposited.
10	To obtain required sanctions/ approvals/ clearances to the proposals submitted by	Within 10 months from the date of submission of proposal(s) by the Company	Within 10 months from the date of submission of proposal(s) by the Company	Extension of prescribed period in the Pre Implementation Agreement

	the Company as per 9 above.			subject to deposit of prescribed Extension fees of Rs. 10,000/- per MW per month subject to a maximum of Rs. 1.00 crore.
11	Achieving Financial Closure, signing of PPA, establishment of site office etc. and start of construction work on the Project.	Within 24 months from the date of signing of the IA or six months of obtaining the approvals/clearances mentioned at 10 above whichever is earlier.	Within 24 months from the date of signing of the IA or six months of obtaining the approvals/clearances mentioned at 10 above whichever is earlier.	Termination of the IA in case the construction work on the Project is not started and forfeiture of Security Deposit/ Upfront Premium.
12	Project commissioning (scheduled Commercial Operation Date of the Project)	As per Techno-economic Clearance of the DPR.	As per Techno-economic Clearance of the DPR.	Disincentive as per Clause stipulated in the IA regarding disincentive.

13	Handing over of the Project to the Government free of cost.	The date falling 40 years after the Scheduled Commercial Operation Date of the Project.	The date falling 40 years after the Scheduled Commercial Operation Date of the Project.	Action as deemed fit.
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In case the Company is unable to achieve Financial Closure within the time limit specified above, the Company agrees to start construction work on the Project positively within the time limit specified above by investing from its equity component. The Financial Closure shall be concluded within six months of start of the construction work on the Project.

- (viii) For setting up the HEPs, concurrence of the competent authorities shall be obtained as per the procedure applicable from time to time.
- (ix) A security deposit shall be made by the developer in the form of interest bearing bank fixed deposit pledged to JK government nodal agency or bank guarantee up to the period of commissioning of the project. Deposit shall be @ Rs. 3.0 lakhs per MW for the projects upto 5 MW and Rs. 5.0 lakhs per MW upto maximum of Rs 100 lakhs for the projects above 5 MW and upto 25 MW.
- (x) The Projects will be allotted on the basis of tentative installed capacity as mentioned in the Notice Inviting Proposal. However, in case the capacity of the Projects increases/ decreases upon firming up of the potential as per TEC accorded by the competent authority, the Company shall be required to sign the fresh/revised MOU/IA with the Government as the case may be. In all such cases, the royalty, upfront premium and other charges shall be levied according to the approved norms of the Government for the revised capacity.
- (vii) The scope of the work will be from concept to commissioning and operation thereafter, including, inter-alia, survey and investigations, identification of transmission system for the evacuation of power and preparation/review of DPR. The transmission system for evacuation of power shall form part of the

Project and shall be included in the DPR in consultation with **HPSEB**, keeping in view the integrated system requirements. **JKSPDC**

- (ix) The developer should carryout development of the Project(s) so that these qualify for carbon credits at the National/International levels. Sale of such equivalent Carbon credits by the developer on account of development of Project(s) should be through competitive process amongst buyers, in order to derive the maximum benefits.
- (x) The Agreement shall remain in force up to a period of 40 years from the Scheduled Commercial Operation Date of the Project, thereafter, the Project shall revert to the State Government free of cost and free from all encumbrances. The Project assets would be maintained by the successful developer in a condition that would ensure a residual life of the Project at the rated capacity for at least 30 years at any point of time. During the 10th, 20th, 30th & 35th years of operations, the Government of Jammu & Kashmir or one of its appointed agencies would carry out a mandatory inspection of the Project site to ensure that the Project assets are maintained to the required standards to ensure the specified generation capability and residual life of the Project. If such inspections find that the Project capacity or life is being undermined by inadequate maintenance, the Government of Jammu & Kashmir would be entitled to seek remedial measures from the developer. If the developer fails to comply with the requirement, the Government of Jammu & Kashmir would have the right to take over the commercial operation of the Project and shall have full right upon the sale of power including developer share. The cost on account of suggestive remedial measures shall be deducted including the operation & maintenance cost for such a period till the Project's assets are restored to the required standards to ensure the specified generation capability and residual life of the Project as specified above. Thereafter, the Project shall be handed over to the developer.
- (xi) The Company shall have no claim on any Project upstream and downstream of the Project.
- (xii) **Tariff Determination:** | to be shifted to next page

The tariff shall be determined by CERC with respect to date of achieving COD of the project. However, this condition shall be applicable only if Project is completed within the stipulated time period as approved in Technical Concurrence (TC) after achieving the zero date except force majeure conditions or reasons not attributable to the developers.

(xiii) Re-defining of milestones for stalled projects

The Administrative Department is authorized to re-define the milestones afresh where 100% equity transfer is permitted by the Government as per the prevailing hydro power policy guidelines by entering into revised agreement for the stalled under construction projects.

- (xiv) The Company shall open a Police Station/Chowki and a Labour office in Projects above 50 MW at its cost. The Company shall also bear the cost of deployment of Police Personnel during the construction phase of the Project. For all the Projects above 5 MW, the Company shall inform the local Police Station and the Labour Office about the details of the labourers and other work force engaged who are both from within the State, country or outside the country, regularly.
- (xv) The Company shall ensure minimum flow of 15% water immediately downstream of the diversion structure of the Project all the times including lean seasons from November to March, keeping in mind the serious concerns of the Government, on account of its fragile ecology & environment and also to address issues concerning riparian rights, drinking water, health, aquatic life, wild life, fisheries, silt. However, the companies are at liberty to install mini hydel Projects to harness such water for their captive use, for their utilities, systems and colonies. **micro**
- (xvi) The Developer shall reimburse to the JAKEDA/JKSPDC the amount, spent by them on investigations and infrastructure works of the Project up to the date of signing of Implementation Agreement, with compound interest @ 10% per annum within three months of signing the Implementation Agreement.

minimum of 50%

- (xvii) The Company shall have to provide employment to Bonafide residents of J&K whose names are registered on live register of any Employment Exchange located in the UT of Jammu & Kashmir, in respect of all the unskilled/skilled staff and other non-executives as may be required for execution, operation and maintenance of the Project, through the local Employment Exchanges or from other than live registers from anywhere within the UT or outside the UT who are bonafide residents of Ut of J&K or UT through the Employment Exchange at Jammu/Kashmir. However, the first preference will be given to oustees. In the event of non-availability of the requisite skilled manpower at various levels with requisite qualification and experience, non-availability certificates will be obtained from the Labour Commissioner/Director Employment, UT of J&K and only thereafter the Company will be free to recruit such persons from outside the UT of J&K.
- (a) The Company shall satisfy the Government that the contractors/sub-contractors engaged by them for the Project shall give employment to local people for appointment as supervisors, workmen and labourers/workers in the Project.
- (b) In regard to direct recruitment of engineers and other executives, other things being equal in terms of eligibility criteria, qualification, experience etc., the Company shall give preference to the candidates well conversant with customs, culture, language and dialect of J&K. The advertisement regarding employment shall be issued in two leading local English dailies having wide circulation within the UT of J&K, besides advertising through electronic media.
- (c) The Company shall ensure that during the deployment of residents of J&K in respect of Executive/Non-Executive/Skilled/Non-Skilled categories at any stage of the Project implementation, if it is not possible to recruit 100% staff from the UT of J&K for justifiable reasons, only then the Company shall maintain not less 70% of the total employees/officers/executives from Bonafide residents of UT of J&K.
- (d) The Company shall provide employment to one member of each of the displaced families or adversely affected as a result of the acquisition of

50%

land for the Project, during construction of the Project. During the operation and maintenance of the Project, the Company shall give preference to members of the displaced families for employment in the Project.

- (e) The petty contracts of the road work, retaining walls, buildings construction, carriage of construction material like sand, aggregate, cement, steel etc, engagement of all categories of other service providers, taxis for the staff deployed to the sites, engagement of other light and heavy vehicles, running of canteens/mess, engagement of security personnel through ex-servicemen shall normally be awarded to locals.
- (f) The Company shall also provide training programme to the locals affected by the Project so that they are in a position to get employment for various technical/administrative jobs in the Project.
- (g) All the above mentioned stipulations shall be monitored strictly by the Labour Commissioner and Director, Employment as well as at the Government level by the Labour Department.

(xviii) The Government will constitute a Multi-disciplinary Committee under the Chairmanship of Lt. Governor. Other members shall be Advisor to the Lt. Governor, Secretary JKPDD, representatives of the Company, representatives from various concerned departments of the Government, Chairman/Managing Director of the concerned Power Utility and Chairman Local Area Development Committee (LADC). The Committee shall be monitoring the issues arising during the implementation of the Project, Employment related monitoring, Relief and Rehabilitation, review of Progress of LADC schemes, implementation of Catchment Area Treatment (CAT) Plan, Compensatory Afforestation, Environmental Management Plan, Environment Impact Assessment (EIA) Plan, and restoration of facilities which get damaged because of the implementation of the Project, quality control mechanism of the Projects the committee shall also review the recommendations and implementation thereof of the Forum of

Hydroelectric Power Producers. The Committee shall review the progress of all statutory clearances, time and cost overruns of the Project, if any. The Committee shall also draw up the methodology to regulate the payments to be made by the Company to the various departments of the Government in connection with the implementation of the Project. The Committee shall meet at such intervals, preferably quarterly at such places as is decided by it.

(xix) Any violations of the above mentioned issues concerning policy parameters, MOU/IA may result into monetary penalty including cancellation of the Project.

(xx) The Government shall constitute a Local Area Development Committee (LADC) for Project (s) being implemented in each river valley. The Deputy Commissioners shall be the Chairman of the LADC and other members shall be nominated by the Government, which will include the representatives of HEP's also. Concerned SDM shall be the Member Secretary. The LADC will be entrusted with, but not limited to, the following activities in the Project Affected Areas, which are those areas/ villages surrounding/falling in the catchment/ watershed areas extending from the Reservoir to the Tail Race of the Project.:-

- (a) Oversee the restoration of facilities adversely affected due to implementation of the Project. Oversee the implementation of Rehabilitation and Relief Plan.
- (b) Oversee the implementation of Catchment Area Treatment (CAT) Plan and Compensatory Afforestation.
- (c) Local Development activities related to development of Agriculture, Horticulture, Animal Husbandry, Fisheries, Rural Development, I&PH, Health, Forest, Education, PWD, Power and other Social, Religious and Cultural activities etc.

The Deputy Commissioner may co-opt any other member as he deems fit.

However, PWD/ other roads leading to the Project areas shall not form part of LADC activities. The activities of the LADC during execution shall be financed by the Project itself and for this purpose the Developer shall make a provision of 1.5% of final cost of the Project. The LADC activities shall be financed from the above provision and not from free power as royalty.

The amount on account of Local Area Development shall be paid by the Developer to the Deputy Commissioner of the Project Affected Areas (Chairman LADC) in equal annual instalments during the Construction Period of the Project and shall be payable in 1st quarter of every financial year, starting from the date of Financial Closure.

The Developer shall keep the Government informed of any change in the construction cost of the Project and for any increase in the construction cost of the Project from time to time, the Developer shall release the instalments accordingly.

(xxi) The Government shall create an Authority of Hydro Project Safety; Quality Control & Management of water Flows and Discharge in due course. The State Government shall nominate suitable technical and professional persons in the Authority. The issues concerning Hydro Project's safety & management of water flows and discharges have assumed critical importance because of the recurrence of floods, earthquake, avalanches, glaciers, tunneling, piping, aging, terrorism etc. Un-regulated water flows and discharges particularly during the rainy seasons have been causing havoc downstream. The authority shall prepare safety regulations and guidelines and prepare safety management manual with respect to the Projects being executed by various Developers on the lines of International Commissions of Large Dams (ICOLD) and other Hydro Power Countries like Canada, US etc. The authority shall conduct continued surveillances on safety requirements right from the inception of the Project such as:-

(a) Monitoring & access to quality of construction and designs of each Project and recommend the use of modern and appropriate technologies like Tunnel Boring Machines etc.

- (b) It will ensure that such Hydro Projects operate normally and maintain emergency preparedness.
 - (c) Shall ensure periodic Hydro Project Safety & Management System Audit.
 - (d) Shall ensure dam safety assessment, traditional good practices and risk assessment.
 - (e) Shall prepare regulatory environment and ensure dam owners accountability including corporate manslaughter.
 - (f) To monitor the releases downstream of the diversion and ensure availability of minimum flow of water immediately downstream of the trench/barrage/dam for downstream requirements.
 - (g) Shall impose fines/penalties for violations as may be prescribed by the Government.
 - (h) May resolve the inter Project disputes, if any.
- (xxii) The Company shall be required to prepare Disaster Management Plan and its implementation taking into consideration the different flood eventualities, cloud bursts or any kind of natural calamity at various stages of construction and operation of the Project and their mitigation measures. The Company shall include the same in the DPR to be submitted to the Government.
- (xxiii) The Company shall be required to follow environmental related issues concerning disposal of blasting muck and soil etc.
- (xxiv) The Company shall use such material for the Project as may be found suitable for the construction and the remaining material shall be allowed to be used by other development departments like PWD, I&PH and several others for the execution of their area developmental schemes including the channelization of river waters by the concerned development agencies. Not only that, even private crusher owners etc. and other private users shall also be allowed to use such material from the site free of cost. The prescribed norms will be available with the Pollution Control Board. The Company agrees not to dump such material on the Project site or any other inappropriate place which flows to further downstream rivers causing

serious environmental concern, which shall attract punishment under various laws of Pollution Control Board. The Company shall ensure that the material excavated from the site shall be dumped in the area duly approved by the Ministry of Environments Forests, GOI/State Pollution Control Board.

(xxv) In case any existing facilities including but not limited to, irrigation systems, water supplies, roads, bridges, buildings, communication System(s), power systems and water mills are adversely affected because of the implementation of the Project, the Company shall be responsible for taking remedial measures to mitigate such adverse effects. The cost of the above remedial measures shall become a part of the Project cost. Such facilities shall be mutually identified and agreed upon between the Company and the State Government. The Company shall not interfere with any of the existing facilities till an alternate facility, as identified, is created.

(xxvi) The Company shall ensure to protect the water rights of the local inhabitants for drinking and irrigation purposes etc. by verifying the revenue entries and activities of I&PH department so as to ensure that such rights are not infringed upon. Any dispute in the matter shall be referred to a committee to be appointed by the State Government involving Irrigation & Public Health and Revenue departments. However, the decision of the Government shall be final and binding on all the parties. The Government of J&K shall have the right for withdrawal of water from the river course for the consumptive use of pumping or by gravity for the purpose of potable water supply and irrigation to the affected villagers.

(xxvii) The IPP shall give an undertaking to the Fisheries Department of the local area that wherever feasible, rearing of fish shall be promoted by the IPP in consultation with the Fisheries Department in the Project area at the time of final implementation of the Project.

(xxviii) The Company shall make suitable financial provisions for mitigation of adverse impacts as per the approved EIA plan, Environment Management Plan and mitigation of degradation of environment due to disturbance of eco-system in watershed area, at the cost of Project.

(xxix) The Developers will be free to dispose of power from the Projects, after allowing for royalty in the shape of free power to the State, in any manner they like in accordance with the provisions contained in the Electricity Act, 2003 and the rules and regulations made there under.

(xxx) **Royalty:**

In case of already allotted (but not commissioned) Projects:

The free power quantum to be received on account of free power share of the State will be deferred for the critical period of initial 12 years from the date of achieving Scheduled Commercial Operation Date (SCOD) or Commercial Operation Date (COD) whichever is earlier. The quantum to be deferred shall be recovered during the balance agreement period in a uniform percentage rate for all the ongoing private sector projects which are under construction and at various stages of clearances. The Project developers shall be liable to sign revised Pre Implementation Agreements/Implementation Agreements/Supplementary Implementation Agreements as the case may be.

In case of Projects to be allotted under Private Sector:

The Free Power Royalty for all the new hydro projects to be allotted in future under Private Sector shall be levied as per the provisions contained in the National Hydro Power Policy i.e. levy of royalty in the shape of Free Power will be at uniform rate of 12% for the entire agreement period.

(For the projects of 5 MW and below capacity there shall not be any royalty). for the first ten years from COD

(xxxi) **INCENTIVE FOR EARLY COMMERCIAL OPERATION OF THE PROJECT:**

In case the Commercial Operation of the Project is achieved prior to the Scheduled Commercial Operation Date, the quantum of free power to Government shall be as under:-

- (a) Commencing from date of synchronization of the first unit up to the COD of the Project, 12% of Deliverable Energy.

(b) From COD of the Project up to the Scheduled Commercial Operation Date of the Project, such percentage of Deliverable Energy as is equal to the following:-

- (i) 12% less two tenth (0.2) percentage points for each period of seventy three (73) days (or part thereof) falling between the COD of the Project and Scheduled Commercial Operation Date of the Project.
- (ii) 12% of the Deliverable Energy for a period of twelve (12) years from Scheduled Commercial Operation Date of the Project.

(xxxii) DISINCENTIVE FOR DELAYED COMMERCIAL OPERATION OF THE PROJECT:

In the event that the Commercial Operation Date of the Project is delayed beyond the Scheduled Commercial Operation Date, the quantum of free power to Government shall be as under:-

- (a) Commencing from date of synchronization of the first Unit up to the Scheduled Commercial Date of the Project, twelve (12) percent of Deliverable Energy.
- (b) Commencing from scheduled COD of the Project and for such number of days by which the Commercial Operation of the Project is delayed beyond the Scheduled Commercial Operation Date of the Project, such percentage of Deliverable Energy as is equal to the following :-
 - (i) 12% plus two tenth (0.2) percentage points for each period of seventy three (73) days (or part thereof) falling between the Scheduled COD of the Project and Commercial Operation Date of the Project.
 - (ii) From Commercial Operation Date of the Project up to the date falling twelve (12) years from the Scheduled Commercial Operation Date of the Project, 12% of the Deliverable Energy.
 - (iii) The Developer shall pay the amount of free power component as mentioned in clause (i) & (ii) above, in 10 equal monthly

installments from actual COD of the Project, in addition to normal free power due.

- (xxxiii) Any difference and/or disputes arising at any time between the parties out of the MOU/PIA/IA or interpretation thereof shall be endeavored to be resolved by the parties hereto by mutual negotiations, failing which the matter shall be referred to the Arbitrator to be appointed as per the provisions of the Arbitration & Conciliation Act, 1996. However, all disputes shall be settled within the jurisdiction of Courts of J&K.
- (xxxiv) The Project Developer shall make arrangements for evacuation of power from the Project to the JKPDD/PGCIL's Sub-station (designated as the Interconnection Point) as per the provision mentioned in the DPR. For evacuation of power beyond the Interconnection Point, the Developer shall tie up with JKPDD/PGCIL for arrangements of a suitable integrated transmission system at mutually agreed wheeling charges.
- (xxxv) For Projects above 100 MW installed capacity, the Government of J&K reserves the right of equity participation up to 49% on selective basis.
- (xxxvi) The Developer will be permitted to withdraw from the Project after the conveyance of non-feasibility of the Project, if the Government is satisfied that the Developer has sufficient ground to establish that the Project is not techno-economically viable, without any liability on the Government of Jammu and Kashmir Himachal Pradesh for the expenditure incurred by the Developer. The security deposited at the time of signing of MOU shall be refunded without interest. 50% of the upfront premium shall also be refunded without interest.
- (xxxvii) There are good numbers of Projects which are yet to be identified. The JAKEDA/JKSPDC shall identify such Projects. The Government of J&K reserves the right either to allot these Projects upto 25.00 MW to JAKEDA/JKSPDC or offer it to the IPPs and above 25MW to JKSPDC & IPPs. However, for Projects upto 25.00 MW, preference shall be given to Bonafide residents of J&K. The developer shall have to prepare PFRs/DPRs and develop them as per agreed terms & conditions of Hydro Power Policy.

(xxxviii) No open access charges for the use of intra-state transmission network shall be payable by hydro projects having capacity upto 25 MW which shall be commissioned after notification of this Policy.

1.3.1. Clearances

1. The Developer shall obtain all the requisite clearances. Single window clearance portal stands developed by SICOP under EoDB. However, the Nodal Agency shall provide facilitation to the developer in this regard. All the necessary documents/ cooperation shall be provided by the Developer.

1.3.2. Sale of Power

- Government of J&K shall mandatorily purchase power from renewable hydro projects up to 25 MW as per CERC tariff determined for the year of actual synchronization / commissioning of the project in line with Regulation 10(i) of CERC RE Regulations, 2021.
- In case the concerned Distribution Utility of J&K does not purchase the power for the project **above 5 MW the IPP** has the option to sell the power outside the UT. However there shall not be any transmission charges by the Government Transmission Utility/Distribution Utility.
- SHP projects for captive generation within the state, there shall not be any transmission charges.

Same things are repeated in contradiction. It has either to be 5 MW or 25 MW.

1.3.3. Wheeling/ transmission of electricity

1. Subject to availability of transmission/wheeling capacity, TRANSMISSION UTILITY/ Distribution Utility of J&K will facilitate to transmit through its grid the power generated and make it available to the producer for captive use or third party sale within/outside J&K.
2. There is no wheeling / transmission charges for the purchase by the state distribution utility for the power purchase from SHP projects upto 25 MW capacity.

In case the concerned state utility does not want to purchase the power from SHP **above 25 MW**, there shall not be any transmission charges by the Government Transmission Utility/Distribution Utility. However, if IPP does not want to sell the power to government distribution utility then there shall be transmission charges as specified by regulator.

1.3.4. Grid interfacing and evacuation arrangement

- i Grid connectivity to the generators including their evacuation will be in accordance with Grid Code Regulations issued by appropriate commission and amended from time to time.
- ii The interface metering will be in accordance with the concerned regulatory (and its successor regulations as applicable from time to time read with CEA (Installation and Operation of Meters) Regulations 2006.
- iii The entire cost of transmission from the project upto the interconnection point including cost of construction of line, losses etc. will be borne by project developer. The maintenance of transmission system upto the interconnection point will be the responsibility of the developer. Inter-connection point shall be line isolator on outgoing feeder on HV side of generator transformer.
- iv The power evacuation from the inter connection point shall be ensured by the Transmission Utility/ Distribution Utility of J&K.

1.3.5. Incentives for hydel power developers with capacity upto 25 MW

- i Income accruing from Small Hydro power project will be exempted from income-tax.
- ii All necessary clearances/approvals will be facilitated through nodal agencies.
- iii Distribution Utility will purchase power from IPP under this policy at the tariff to be determined by the regulator.
- iv Exemption of open access charges for sale of power to J&K will be applicable.
- v IPPs can obtain the benefits available under the Clean Development Mechanism (CDM).
- vi All centre sponsored incentives and GoJK are applicable as per their validity and procedure defined under Jammu and Kashmir Industrial Promotion Policy 2020.
- vii The nodal agencies will facilitate IPP for acquisition of land.
- viii The GOJK will constitute contract implementation and monitoring committee for facilitation of investors so as to ensure smooth implementation of the project.
- ix Being non consumptive use of water in hydropower project, no water usage charges shall be levied.
- x 100% exemption from payment of court fee and stamp duty for purchase/lease/mortgage of land required for Hydro Power Projects.

1.3.6. Implementation Agreement

IPP will sign an implementation agreement with the respective nodal agency (JKPDC/JAKEDA) within time frame specified in a bid document.

1.3.7. Transfer of Project

Transfer of project only allowed after successful commissioning and operation for a minimum period of 3 years along with the additional premium equal to the bid premium required to be deposited by the developer to the nodal agency.

1.3.8. Regulatory oversight

Aspects of this policy that require Regulatory approvals from the concerned regulator would be subject to such approvals being given and would apply in the manner approved by the Regulator.

1.3.9. Due Diligence

The Applicant/IPP will be responsible for carrying out due diligence with regard to his compliance responsibilities under various applicable Central/J&K/other laws, rules and regulations, and ensure compliance with the same.

1.3.10. Techno Economic Clearance(TEC)

Techno-Economic Clearance (TEC) of DPR by nodal agency for fixing power potential, safety and quality specifications within stipulated time period from prospective developers. Such clearance shall be accorded subject to submission of all clarifications, details, as per standard guidelines issued by MNRE or CEA.

1.3.11. Sale of Power

The Developer can contract to sell power to any consumer/s outside J&K, to the Distribution Utility, or for the captive use of new industrial consumers in J&K. The JKPDC will specify the conditions under which any consumer or group of consumers is deemed to be a captive user. J&K will procure quantum of power as may be indicated in the RFP at the tariff determined through competitive bidding process.

Clause sale of Power repeated, refer page 24. both are contradictory.

1.3.12. Grid Interfacing/Transmission Line

The Developer will be responsible for laying lines for connectivity to the nearest grid sub-station at the appropriate voltage, which will be 132 kV or higher depending on the capacity of the power station and distance from the power station to the Grid. Transmission Utility/ Distribution Utility will

determine the specifications for the evacuation facilities required. This would be specified for each project prior to the bidding for the project.

1.3.13. Incentives

1. Exemption from water usage charge. Being non consumptive use of water in hydropower project, no water usage charges shall be levied.
2. The Developer can avail all incentives and financial support provided by GoI for such projects.

1.3.14. Regulatory oversight

Aspects of this policy that require Regulatory approvals from the concerned regulator would be subject to such approvals being given and would apply in the manner approved by the Regulator.

1.3.15. Due Diligence

The Applicant/IPP will be responsible for carrying out due diligence with regard to his compliance responsibilities under various applicable Central/UT/other laws, rules and regulations, and ensure compliance with the same.

1.3.16. Techno economic Clearance (TEC)

Techno Economic Clearance (TEC) by GoJK nodal agency and central electricity authority as per Jurisdiction specified by ministry of power within stipulated time period.

1.3.17. Dispute Settlement

In respect of all disputes which may arise at any time, the courts of J&K will have an exclusive jurisdiction.

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1.3.18. Renovation, Modernization And Management Of Existing Power Plants (applicable for all hydroelectric power projects upto 25MW)

Some of the existing small hydropower stations in J&K have outlived their original life span and some of them are working at sub optimum level or became defunct in the absence of due attention required to scheduled maintenance, renovation and modernization. This has resulted in unplanned outages and frequent breakdowns. As a result, availability factor and the Plant Load Factor of a number of plants are below satisfactory level. It is proposed to increase the operating efficiency of the existing plants through introduction of professional management and renovation and modernization programmes. The process of renovation and modernisation involves

substantial investment. The State proposes to throw open the renovation and modernisation of some of the existing small hydropower plants to private sector/joint sector or cooperative participation which can help in bringing in more efficient management practices leading to greater availability of power. Many existing stations are in standalone mode and are encouraged to connect to the grid to increase plant load factor and its financial visibility. However the priority to supply electricity to local area during peak hours (0600-0900 and 1600-2200 hours) will be there.

Such renovation/extension programmes can extend the life by another 20-30 years at a fraction of the cost of a new plant. Government will encourage the renovation and modernisation of some small hydropower plants by private sector, joint sector or cooperative who will be allowed to operate/manage the plants wherever necessary in the following routes:

- a) Lease, Rehabilitate, Operate and Transfer (LROT)
- b) Joint ventures with JKPDC;
- c) Sale of existing plants to private sector or to any joint sector venture or cooperative.

2. Definitions

Following expressions used in the policy would have meanings assigned to them as defined here as under:

CDM	Clean Development Mechanism	NPV	Net Present Value
CERC	Central Electricity Regulatory Commission	Procurer	The distribution licensees or an Intermediary Procurer
CFA	Central Finance Assistance	T&D	Transmission and Distribution
Developer	A person who develops electricity and transfers it to consumers	IPP	Independent Power Producer
DPR	Detailed Project Report	SIDCO	State Industrial Development Corporation Ltd.
ENTITY	Independent Power Producer/ Developer	SPV	Special Purpose Vehicle

GoJK	Govt. of Jammu and Kashmir	SIR	Special Investment Regions
J&K	Jammu and Kashmir	RES	Renewable Energy Sources
JAKEDA	Jammu and Kashmir Energy Development Agency	SEZ	Special Economic Zone
PFR	Pre-Feasibility Report.	SPV	Solar Photo Voltaic
JKPDC	Jammu and Kashmir Power Development Corporation	PAC	Project Appraisal Committee
JNNSM	Jawahar Lal Nehru National Solar Mission	TAC	Technical Approval Committee
MNRE	Ministry of New and Renewable Energy	CoD	Commercial Operation Date
JKPDD	Jammu and Kashmir Power Development Department	CEA	Central Electricity Authority
PPA	Power Purchase Agreement		
R&D	Research and Development		
SMEs	Special Energy Meters		
SLDC	State Load Dispatch Centre		
SPPs	Solar Power Plants		

highlighted to be deleted