

# **NEW POLICY FOR POWER GENERATION FROM NON-CONVENTIONAL SOURCES OF ENERGY -2008**

Government of Maharashtra  
Industry, Energy & Labour Department  
Government Resolution No. APAU (NCE)-2007/Pra.Kra.693/Urja-7,  
Mantralaya, Mumbai - 400 032

**Date: 14 October 2008**

## **Preamble:**

From time to time, the Government has, formulated encouraging policies for the development of renewable energy sources since 1996 following the guidelines from the Central Government. These policies were implemented successfully in the state. Under the various policies, Non-conventional energy projects of 2293 MW capacity are commissioned in the state up to end of March 2008. Maharashtra state is placed at second position in the whole country.

The Central Government has also formulated and declared National Electricity Policy and Tariff Policy under the provisions of Electricity Act, 2003. There is a provision in both of these policies to undertake necessary measures for the development of renewable sources of energy.

From time to time, the Maharashtra Electricity Regulatory Commission (MERC) has issued orders for purchase of electricity rates along with terms & conditions for Wind Power Projects, Cogeneration Power project based on Bagasse, Biomass based Power Generation project, Municipal Solid Waste based Power Generation project and Small Hydro Power projects. Similarly, the Commission has made it compulsory for the Licensees and others to purchase electricity generated by renewable energy sources in the proportion fixed up by the Commission. As per the planning chalked out in this regard, every year Non-conventional Power projects of about 1000 MW capacity will have to be commissioned in the state.

The Government was considering formulation of a new policy by taking into account the earlier policies implemented in the state as well as considering the difficulties faced by the renewable energy sector. Accordingly, a detailed discussion on the new policy was held in the Cabinet meeting on 04/09/2008 and the Cabinet has given approval to the new policy.

## **Government Resolution:**

- 1.0 Under the new policy, a target has been fixed to commission 2000 MW of Wind Power Projects , 1000 MW of Cogeneration projects / Electricity Generation projects based on Bagasse, 400 MW of Biomass based Electricity Generation projects, and 100 MW of Small Hydro Power Projects. Following facilities and Benefits will be extended to all these projects. These facilities will also be extended to all the projects established under Urjankur Nidhi. Once the fixed target under this policy is achieved, then the new policy shall be launched.
- 1.1 If the Promoters / Developers / Investors wish to avail the benefits allowed under this policy then, it is obligatory for them to sell the 50% of electricity generated from the

Projects commissioned under this policy to Maharashtra State Distribution Company /Ltd. (MSEDCL) at the rate fixed up by MERC under a long term Power purchase / agreement. It shall be obligatory to sell the remaining 50% electricity within the state of Maharashtra only.

2.0 Under this policy, Government has the rights to approve Infrastructure Clearance letter needed to become eligible for availing all allowable benefits for all types and capacities of renewable energy projects. For this purpose, Promoters / Developers / Investors will have to submit a project proposal to MEDA. MEDA will examine the proposal and then submit it to Government along with its recommendations. Infrastructure Clearance letter will be issued after approval from the Government.

2.01 Under this policy, MEDA shall prepare a Master Plan of developing 3500 MW capacity renewable energy projects and submit it for Government's approval. After the Government's approval, the Master Plan will be issued by MEDA independently. Similarly, the detailed methodology for commissioning the renewable energy projects, under this policy, shall be independently formulated by the Government.

### 3.0 Wind Power Projects :

3.1 Under this policy, following benefits will be payable for projects of 2000 MW capacity.

#### 3.2 Evacuation Arrangement: - .

3.02.1 MEDA and MSETCL / MSEDCL will jointly undertake the survey of LV, HV and EHV Substations and required transmission and distribution lines for these projects. Private Developers will undertake the erection of HV and EHV substations as well as transmission and distribution lines required for the projects, as per the technical specifications and estimate approved by MSETCL/MSEDCL and under the supervision of MSETCL / MSEDCL. This Evacuation System would include the strengthening or modifications in the existing sub-stations and transmission & distribution lines.

3.02.2 This Evacuation Arrangement would also include the 33 KV lines to be connected to HV and EHV Sub-Stations from the project site.

3.02.3 The Evacuation Arrangement, once commissioned, will be transferred to MSETCL / MSEDCL Company. The ownership of Evacuation Arrangement will rest with MSETCL / MSEDCL Company. Similarly, the maintenance and repairs will be looked after by MSETCL / MSEDCL Company.

3.02.4 **Expenditure of Evacuation System:** - For payment through Green Energy Fund, the amount of estimated expenditure approved by MSETCL / MSEDCL or the actual expenditure on evacuation arrangement whichever is less will be treated as evacuation expenditure.

3.02.5 **Refund from Green Energy Fund for Evacuation Arrangement Expenditure: Subsidy:** - After the Evacuation Arrangement is completely transferred to MSETCL / MSEDCL, MEDA will reimburse 50% of the approved expenses on the Evacuation Arrangement to Developer / Promoter from Green Energy Fund as a subsidy as per the availability of funds.

### 3.03 Approach Roads: -

- 3.03.1 The Developer/Promoter will submit to MEDA the layout plan of the proposed approach roads in the vicinity of the Wind Power Projects, before erecting a new projects. Developer/Promoter will make a project report of proposed approach roads with estimated costs and in consultation with PWD and Maharashtra State Road Development Corporation and MEDA will submit it to the Government for approval. MEDA will get the approach roads constructed either from PWD or Maharashtra State Road Development Corporation as per the government approved project report. The 100% expenditure needed for these roads shall be payable as subsidy from Green Energy Fund.
- 3.03.2 Wind Power Promoters/Developers will carry out the repairs / strengthening / reinforcement works of existing roads in PWD / ZP areas, if required for transportation of the machinery for their project at their own cost. They will have to take the permission from the concerned departments i.e. PWD / ZP. However, refund of the expenditure done on this account will not be payable to the Promoters/Developers from Green Energy Fund.
- 3.4 **Electricity Duty:** - In the event of the developers using the Electricity Generated from the Projects commissioned under this new policy for their own captive purpose, Electricity Duty will not be levied for first 10 years from the date of commissioning of project. This benefit will also be applicable for third party sale.
- 3.5 **Encouragement to Co-Operative Sector:** - With a view to encourage the Cooperative Sector, a subsidy of 11% of the total share capital of the project shall be paid from Green Energy Fund for the Wind Power Projects installed and commissioned by Co-Operative Institutions.
- 3.6 **Letter of Credit:** - The Maharashtra State Electricity Distribution Company will make available the facility of Letter of Credit to the Developer for realizing their payment in scheduled period for the sale of electricity made to the Maharashtra Electricity Distribution Company by the Developer. The cost for opening the Letter of Credit shall be reimbursed to the MSEDCL from Green Energy Fund by MEDA as 100% subsidy.
- 3.7 **No Objection Certificate issued by Geology and Mining Department:-** The Geology and Mining Department shall notify the windy sites where the no objection certificate from Geology and Mining department is not required. The Developer is not required to submit "No Objection Certificate", if a wind power project is developed at such sites. The Geology and Mining department shall also notify the sites where "No Objection Certificate" from this department is required to be submitted. It is mandatory for the developer to produce "No Objection Certificate" issued by The Geology and Mining department for installation of Wind Power project at such sites. For this purpose, developers through MEDA, will make available the information and maps of windy sites in the state to The Geology and Mining department.
- 3.08 **No Objection Certificate issued by Development Commissioner (Industries):** Development Commissioner (Industries) will issue "No Objection Certificate" within period of two weeks. Once the Promoter has taken the permission from the Development Commissioner (Industries) for a Wind Power project, then "No Objection Certificate" is not required once again separately from the Development Commissioner (Industries) while transferring the Wind Power project in the name of investor.

3.9 **Octroi Tax / Entry Tax:** -100% refund of Octroi Tax / Entry Tax for equipments of Wind Power Project will be made through Green Energy Fund by MEDA.

3.10 **Govt. Barren land for Wind Power Projects on Lease Basis:-** If the Developer/ Investor of Wind Power Project applies to Collector for the barren land of Govt, at declared windy sites and if the land is permissible for industrial use as per the planning, the govt, barren land shall be allotted for the wind power project on rental basis with 30 years lease agreement and with regular terms & conditions. Considering the present shortage of power in the state, decision will be taken as per the provisions of Maharashtra Land Revenue (Govt, land distribution) rules, 1971. Land-rent will be charged as per the prime lending rate over current market price, subject to financial limits on case-to-case basis and availability of land.

3.11 All the facilities under this policy will be applicable to wind power projects installed after commissioning of 750 MW capacity under the wind power policy dated 26 February 2004 up to the declaration of this policy.

#### 4.0 **Baggase Based Cogeneration Power Project/ Energy Generation Project:**

Under this policy, following benefits will be allowable for projects of 1000 MW capacity.

##### 4.01 **Evacuation Arrangement:**

4.01.1 MEDA and MSETCL / MSEDCL will jointly undertake the survey of LV, HV and EHV Substations and required transmission and distribution lines for these projects. Private Developers will undertake the erection of HV and EHV substations as well as transmission and distribution lines required for them, as per the technical specifications and estimate approved by MSETCUMSEDCL and under the supervision of MSEDCLMSETCL. This Evacuation System would include the strengthening or changes in the existing sub-stations and transmission & distribution lines.

4.01.2 This Evacuation Arrangement would also include the 33 KV lines to be connected to HV and EHV Sub-Stations from the project site.

4.01.3 The Evacuation Arrangement, once commissioned, will be transferred to Maharashtra Transmission / Distribution Company. The ownership of Evacuation Arrangement will rest with Maharashtra Transmission Company / Distribution Company. Similarly, the maintenance and repairs will be looked after by Maharashtra Transmission / Distribution Company.

4.01.4 **Expenditure of Evacuation System:** - For payment through Green Energy Fund, the amount of estimated expenditure approved by MSEDCL IMSETCL or the actual expenditure on evacuation arrangement whichever is less will be treated as evacuation expenditure.

##### 4.01.5 **Refund from Green Energy-Fund for Evacuation Arrangement:**

**Subsidy:** - After the Evacuation Arrangement is completely transferred to MSEDCLMSETCL, MEDA will reimburse 50% of the approved expenses on the Evacuation Arrangement, to Investor from Green Energy Fund as a subsidy as per the availability of funds.

4.2 **Electricity Duty:** - In the event of the developers using the Electricity Generated from the Projects commissioned under this new policy for their own captive purpose, Electricity Duty will not be levied for first 10 years from the date of commissioning. This benefit will also be applicable for third party sale.

4.3 **Capital Subsidy.** - For installing HV / EHV substation for Baggase Based Cogeneration Power Project / Energy Generation Project capital subsidy of Rs. 1 crore per project will be given.

4.03.1 The above capital subsidy will be disbursed only after project runs with minimum 80% PLF for minimum one year.

4.04 If co-operative sugar factory installs Baggase Based Cogeneration Power Project / Energy Generation Project, 100% exemption for next 10 years will be given on 3% purchase tax which is charged on sugar cane purchased for crushing. This will be applicable to the existing cogen projects as well as for new projects also.

#### 5.0 **Agricultural waste Based (Biomass) Power Project:**

Under this policy, following benefits will be allowable for projects of 400 MW capacity. These benefits will be also applicable to projects which are commissioned in the year 2007-2008.

#### 5.01 **Evacuation Arrangement:**

5.01.1 MEDA and MSETCL / MSEDCL will jointly undertake the survey of LV, HV and EHV Substations and required transmission and distribution lines, for these projects. Private Developers will undertake the erection of HV and EHV substations as well as transmission and distribution lines required for them, as per the technical specifications and estimate approved by MSETCUMSEDCL and under the supervision of MSEDCLIMSETCL This Evacuation System would include the strengthening or changes in the existing sub-stations and transmission & distribution lines.

5.01.2 This Evacuation Arrangement would also include the 33 KV lines to be connected to HV and EHV Sub-Stations from the project site.

5.01.3 The Evacuation Arrangement, once commissioned, will be transferred to Maharashtra Transmission / Distribution Company. The ownership of Evacuation Arrangement will rest with Maharashtra Transmission Company / Distribution Company. Similarly, the maintenance and repairs will be looked after by Maharashtra Transmission / Distribution Company.

5.01.4 **Expenditure of Evacuation System:** - For payment through Green Energy Fund, the amount of estimated expenditure approved by MSEDCL IMSETCL or the actual expenditure on evacuation arrangement whichever is less will be treated as evacuation expenditure.

5.01.5 **Refund from Green Energy Fund for Evacuation Arrangement Expenditure: Subsidy:-** After the Evacuation Arrangement is completely transferred to MSEDCLIMSETCL, MEDA will reimburse 50% of the approved expenses on the Evacuation Arrangement, to Investor from Green Energy Fund as a subsidy as per the availability of funds.

5.02 **Electricity Duty:** - In the event of the developers using the Electricity Generated from the Projects commissioned under this new policy for their own captive purpose, Electricity Duty will not be levied for first 10 years from the date of commissioning. This benefit will also be applicable for third party sale.

6.0 **Small Hydro Power Project:**

Under this policy, following benefits will-be allowable for projects of 100 MW capacity.

6.01 **Evacuation Arrangement:**

6.01.1 MEDA and MSETCL / MSEDCL will jointly undertake the survey of LV, HV and EHV Substations and required transmission and distribution lines for these projects. Private Developers will undertake the erection of HV and EHV sub-stations as well as transmission and distribution lines required for them, as per the technical specifications and estimate approved by MSETCUMSEDCL and under the supervision of MSED CUMSETCL. This Evacuation System would include the strengthening or changes in the existing sub-stations and transmission & distribution lines.

6.01.2 This Evacuation Arrangement would include the 33 KV lines to be connected to HV and EHV Sub-Stations from the project site. The evacuation arrangement below 33 KV will also be included.

6.01.3 The Evacuation Arrangement, once commissioned, will be transferred to Maharashtra Transmission / Distribution Company. The ownership of Evacuation Arrangement will rest with Maharashtra Transmission Company / Distribution Company. Similarly, the maintenance and repairs will be looked after by Maharashtra Transmission / Distribution Company.

6.01.4 **Expenditure of Evacuation System:** - For payment through Green Energy Fund, the amount of estimated expenditure approved by MSEDCL IMSETCL or the actual expenditure on evacuation arrangement whichever is less will be treated as evacuation expenditure.

6.01.5 **Refund from Green Energy Fund for Evacuation Arrangement Expenditure: Subsidy:** - After the Evacuation Arrangement is completely transferred to MSED CUMSETCL, MEDA will reimburse 50% of the approved expenses on the Evacuation Arrangement, to Investor from Green Energy Fund as a subsidy as per the availability of funds.

6.2 **Electricity Duty:** - In the event of the developers using the Electricity Generated from the Projects commissioned under this new policy for their own captive purpose, Electricity Duty will not be levied for first 10 years from the date of commissioning. This benefit will also be applicable for third party sale.

6.3 **Capital Subsidy:** - Capital subsidy will be applicable up to 5 MW Capacity Small Hydro Projects based on Kolhapur type weir, waterfall, run of the river. Up to 5 MW. Small Hydro Power Projects subsidy of Rs.50,000/- per KW will be given. Maximum limit for subsidy will be Rs.1.5 Cr. per project.

6.03.1 The above capital subsidy will be disbursed only after project runs with minimum 80% PLF for minimum one year.

**7.0 Other Points:-** Apart from above mentioned points, all the decisions taken by MERC from time to time will be applicable to above projects. For example energy purchase rate and points related to it, energy purchase agreement and points related to it, banking, wheeling, transmission & distribution losses etc. for captive consumption and third party sale.

**8.0 Provision under Electricity Act 2003 :-** As per provisions under Electricity Act 2003 promotion of energy generation from Renewable Energy Sources, Connection with grid for transmitting the renewable energy, sale of electricity and percentage of purchase of renewable energy are under Maharashtra Electricity Regulatory Commission. All the decisions of MERC will be applicable to all concerns as and when declared.

This Government Resolution is published with finance departments consent and unofficial references of Finance Department nos. 1) 259/08/Expenditure-16 dated 1-10-2008 & 2) 28/08/KARA. 03 dated 6-10-2008.

This Government Resolution is available on website of Government of Maharashtra and its code no. is 20081015173719001.

By the name and order of Governor of Maharashtra

Sd/-

**(Arun Shyamkul)**  
**Officer of Special Duty**

To,

- Director General, Maharashtra Energy Development Agency, Pune
- Principal Secretary, Secretariat of the Chief Minister, Secretariat, Mumbai 400032
- Hon. Chief Secretary, Government of Maharashtra, Secretariat, Mumbai 400032
- Additional Chief Secretary, G.A.D., Secretariat, Mumbai 400 032
- Additional Chief Secretary (Finance), Finance Department, Secretariat, Mumbai 400032
- Principal Secretary, Village Development Department, Secretariat, Mumbai 400032
- Principal Secretary, Tribal Development Department, Secretariat, Mumbai 400032
- Principal Secretary, Village Development & Water Storage Department, Secretariat, Mumbai 400032
- Principal Secretary (Revenue), Revenue & Forest Department, Secretariat. Mumbai 400032
- Private Secretary, Hon. Minister (Unconventional Energy)
- Private Secretary, All Hon. Ministers and All Hon. Ministers of State
- All License Holder Companies
- All Secretarial Departments
- All Desks in Energy Department
- Select Files

Regarding amendments to be made in  
New Policy-2008 of Energy Generation from  
Unconventional Energy Sources

Government of Maharashtra  
Industries, Energy & Labor Department,  
Government Resolution No. Apak-2009/Pra.Kra.1528/Urja 7  
Secretariat, Mumbai 400032,  
Date:- 03 August, 2009

**READ: Government Resolution, Industries, Energy & LaboOr Department, Number:  
Apak-2007/Pra.Kra. 693/Urja-7, Date - 14.10.2008**

**GOVERNMENT RESOLUTION:**

Government has declared New Policy under reference to the above vide Government Resolution, dated 14.10.2008 for giving encouragement to renewable energy generation from non conventional energy sources. Following amendments are being made with reference to the said Government Resolution by removing ambiguity in the expenditure of Evacuation arrangement, electricity generation project and capital grant.

<b>Provisions under Government Resolution Dated 14.10.2008</b>	<b>Amendment</b>
<p><b>Section 1.1.</b> If the Promoters/Developers/Investors wish to avail the benefits allowed under this policy then, it is obligatory for them to sell the 50% of electricity generated from the Projects commissioned under this policy to Maharashtra State Distribution Company ltd. (MSEDCL) at the rate fixed up by MERC under a long term Power purchase agreement. It shall be obligatory to sell the remaining 50% electricity within the state of Maharashtra only Shall be binding on them to sell 50 % Executed under the project with reference to this policy as per long term electricity project Agreement, Maharashtra State Electricity Distribution Company at the rate fixed by the Maharashtra Electricity Control Commission. It will be mandatory to sell remaining 50% electricity in Maharashtra only.</p>	<p>It shall be binding on Promoters / Developers / Investors to sell 100 % Electricity generated through non conventional energy Source to Licensee or Client in the State. 100 % electricity generated from small hydro project upto 25 MW under Irrigation Department is permitted to sell any licensee or a client.</p>



<p><b>Section -4</b> Baggase Based Cogeneration Power Project / Energy Generation Project: Under this Policy following benefits will be allowable for projects.</p>	<p>All facilities-concessions made applicable by the Government Under Section 4 shall also be applicable to Baggase Based Cogeneration Power Project and Agriculture waste Based Cogeneration Power Projects.</p>
<p><b>Section 4.03 -</b> Capital Subsidy for Installing HV / EHV substation for Baggase Based Cogeneration Power Project / Energy Conservation Project Capital Subsidy of Rs.1 crore per project will be given through green energy fund</p>	<p>For getting Capital grant of Rs 1 Crore per project for high voltage/Extra High Voltage Substations, it is essential to get the high voltage/extra high voltage sub stations certified from Maharashtra Stale Electricity Distribution Company / Maharashtra State Electricity Transmission Company</p>

All promoters/developers/investors who do not wish to obtain facilities-concessions under this policy, and then in that case, they need not to take infrastructure clearance from the Government.

By order and in the name of the Governor of Maharashtra,

( S. S. Ranade)  
Deputy Secretary to Government

To,

- Secretary, Secretariat of the Chief Minister, Secretarial, Mumbai 400032
- I Ion. Chief Secretary, Government of Maharashtra, Mumbai 400032
- Additional Chief Secretary, G.A.D., Secretariat, Mumbai 400032
- Additional Chief Secretary (Finance), Finance Department. Secretariat, Mumbai 400032
- Principal Secretary, Village Development Department, Secretariat, Mumbai 400032
- Principal Secretary, Tribal Development Department, Secretariat, Mumbai 400032
- Principal Secretary, Village Development & Water Management Department, Secretariat, Mumbai 400032
- Principal Secretary (Revenue), Revenue & Forest Department, Secretariat, Mumbai 400032
- Chief Secretary (Forests), Revenue & Forest Department, Secretariat, Mumbai 400032
- Chief Secretary (Town Development-2) Town Development Department Mumbai 400032

- Principal Secretary, Co-operative Department, Secretariat, Mumbai 400032
- Principal Secretary, Padum Department, Secretariat, Mumbai 400032
- Principal Secretary, Planning Department, Secretariat, Mumbai 400032
- Principal Secretary, Agriculture Department, Secretariat, Mumbai 400032
- Secretary (Industry), Industry, Energy & Labor Department, Secretariat, Mumbai 40032
- Secretary, School Education Department, Secretariat, Mumbai 400032
- Secretary, Information & Technology, Secretariat, Mumbai 40032
- Secretary, Maharashtra Controlling Commission, Mumbai (By letter) ,
- Managing Director, Maharashtra State Electricity Board, Holding Company Ltd., Mumbai
- Managing Director, Maharashtra State Electricity Board, Distribution Company Limited, Mumbai
- Managing Director, Maharashtra State Electricity Board, Generation Company Ltd., Mumbai
- Managing Director, Maharashtra State Electricity Board, Transmission Company Ltd., Mumbai
- Director General, Maharashtra Energy Development Agency, Pune
- Private Secretary, Hon. Minister (Energy)
- Private Secretary, Hon. Minister, Unconventional Energy
- Private Secretaries of all Hon. Ministers and all Hon. Ministers of State
- All License Holder Companies
- All Secretarial Department
- All Desks in Energy Department
- Select Files