

POWER POLICY FOR POWER THROUGH NON-CONVENTIONAL ENERGY SOURCES GOVERNMENT OF MIZORAM

1. PREAMBLE :

(1) The spread of various renewable energy technologies aided by a variety of policies and support measures by Government of India. Major policy initiatives have been taken to encourage private/foreign investment to tap energy from renewable sources including fiscal and financial incentives. Similarly, this power policy is directed towards a greater thrust on overall development and promotion of renewable energy technologies and applications in Mizoram state. This will facilitate excellent opportunities for increased investment in this sector, technology up gradation, induction of new technology, etc. in the state.

(2) The conventional sources of energy in Mizoram are fuel wood, petroleum products and electricity. Mizoram has been depending mainly on electricity imported from Central sector generation/other states through grid lines. The availability of such power are limited and unreliable due to various reasons. The price of such power will go on increasing rapidly.

(3) To cater the ever-increasing demand of power, Government of Mizoram has decided to give encouragement to power generation from Non-Conventional Energy Sources. To promote energy generation from Non-Conventional Energy Sources and investment in this sector from eligible producers, this power policy is thereby framed.

2. DEFINITION : In this policy, unless the context otherwise requires

(a) "Agency" means Zoram Energy Development Agency or its successor.

(b) "Department" means Power & Electricity Department, Government of Mizoram or its successor.

(c) "Renewable energy" or "non-conventional energy" means energy from sun (thermal and photovoltaic), biomass (direct burning, gasification or methanation, including municipal solid waste), wind up to 25 MW of installed capacity and small hydel power plants up to 25 MW station capacity, etc.

3. OBJECTIVES :

With a view to promote generation of grid-grade power through Non-Conventional Energy Sources in the context of non polluting, renewable inputs like solar, wind, small hydel, biomass and other wastes, the Government of Mizoram has adopted this policy.

4. OPERATIVE PERIOD :

(1) Notwithstanding the provisions in the existing Revenue Acts and Rules, land lease can be considered for a period not exceeding 99 years, based on merit or life of the project, as the case may be.

(2) This policy shall come into operation from the date of its publication in the official gazette and will remain in force until superseded or modified by another order.

5. ELIGIBLE PRODUCERS :

(1) All power producers generating 10 KW to 25 MW of grid-grade electricity from Non-Conventional Energy Sources, such as solar, wind electric generators, small hydroelectric plants, biomass combustion, biomass co-generation, waste recycling, etc. will be 'eligible producers' under this Policy.

(2) Renewable energy producers in the joint-sector, formed by Government agencies and the producers, will also be 'eligible producers'.

(3) Power producers producing electricity for captive consumption shall also be treated as "eligible producers".

(4) There shall be no restriction on the legal form of power producing entrepreneur. Companies, cooperative, partnerships, individuals, charitable societies, Non-Governmental Organizations, etc. will all be eligible producers provided they undertake to generate electricity from Non-conventional Energy Sources.

6. GRID INTERFACING :

(1) Interfacing including transformers, panels, kiosks, protection, metering, high tension lines from the point of generation to the nearest high tension lines, etc. as well as their maintenance will

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be undertaken by the producer as per the specifications and requirements of the Power & Electricity Department, for which such eligible producers will bear the entire cost. Alternatively, these works and their maintenance could be undertaken by the Department at charges to be decided by the Department and the producer on mutual agreement.

(2) The Department will undertake to augment the sub-station capacity at 33/11 KV or higher levels at its cost to receive the power generated by eligible producer.

(3) Power & Electricity Department, Government of Mizoram will also undertake, at its cost, augmentation of transmission lines, if required.

(4) The eligible producer at his cost will install meters to measure the outflow and inflow of energy as per the prevailing Rules and Regulation of the Department, which will be jointly sealed by the Department and the producer.

(5) The producer should ensure the quality of power delivered in accordance with the prevailing Regulations.

7. WHEELING :

The Department will undertake to transmit on its grid the power generated by eligible producer and make it available to him for captive use or to a third party nominated by eligible producer for sale within the State, at a uniform wheeling charge of 2% of the energy supplied to the grid, irrespective of the distance from the generating station. However, the third party will have to be HT consumer of the power unless this condition is relaxed specifically by the Department.

8. TARIFF :

1. It will be compulsory for the Department to purchase electricity offered by the eligible producers at a minimum rate of Rs. 3.50/unit applicable for the year 2002-03, with no restriction on time or quantum of electricity supplied for sale. This rate will be increased at the rate of 5% every year on 1st April of the year for a period of ten operational years. Thereafter the rate of increase shall be mutually settled between Department and the producer.

2. It shall not be compulsory for such power producer to sell the electricity generated to Power & Electricity Department, Government of Mizoram or its successors or company if they prefer not to sell to the Department. The producer will also have the option with concurrence of the Department to sell the electricity generated by him to a third party within and outside the State, at a rate to be mutually settled between them. However, if the third party is a consumer of Power & Electricity Department, Government of Mizoram and needs support of the Department's system in case of outage of the power station, then he will have to pay minimum charges as per Schedule of Tariff of the Department in force.

9 BANKING :

The State Electricity Board or the Agency or the Government, as the case may be, will permit electricity generated by eligible producers to be banked for a period up to one year.

10. SETTLEMENT ON MONTHLY BASIS :

All transactions between the Department and the eligible producer involving wheeling, banking or sale of power will be settled on a monthly basis.

11. EXEMPTION FROM DEMAND CUT :

A reduction in contract demand to the extent of 30% of installed capacity of the power plants shall be permitted by the Department, in case power plant is not utilizing Department's Grid for supply of power to the consumer.

12. POWER PURCHASE AGREEMENT (PPA) :

The Department and eligible producers under this policy will enter into a Power Purchase Agreement for a minimum period of 10 years. However, if any eligible producer intends to enter into Power Purchase Agreement for shorter period, the Department will consider such proposal on the merit of the case.

13. SECURITY PACKAGE FOR ELIGIBLE PRODUCER :

The Department shall provide facilities of an irrevocable, divisible, revolving and confirmed standby Letter of Credit by any nationalized bank. The amount of the Letter of Credit shall be equal to the expected payment for three months by the Department.

14. INCENTIVES BY THE STATE GOVERNMENT :

(1) Exemption from Electricity Duty – Consumption of electricity generated by eligible producers for its captive use or upon sale to a nominated third party will be exempted from electricity duty.

(2) Grant of incentives available to industries :- Eligible producers generating electricity from Non-Conventional Energy Sources will be treated an eligible industry under the schemes administered by Industry Department and incentives available to “eligible producers” for establishing such power generation plants. Similarly concession given to the industrial unit in the backward areas will also be provided to such eligible producers. Infrastructural facilities such as approach road, water supply, power during construction period, etc. will be provided on the lines of provisions for such facilities to other industrial units.

(3) The State Government will endeavor to extend all incentives and facilities granted by the Central Government for similar undertaking in other States.

(4) Sales Tax Exemption :- Renewable Energy equipment and materials shall be exempted from State sales tax.

15. FACILITATION BY THE AGENCY :

Zoram Energy Development Agency is a State Nodal Agency for developing and promoting use of Non-Conventional Energy production and use in the State of Mizoram. The Agency shall facilitate clearances for the project for producing electricity from Non-Conventional Sources at the State and Central levels on the lines of facilitation provided by Bureau of Industrial Promotion (BIP). The Agency shall also facilitate grant of loans to such projects by Indian Renewable Energy Development Agency (IREDA) and subsidies by the Ministry of Nonconventional Energy Sources (MNES), Government of India.

16. AVAILABILITY OF WATER FOR POWER GENERATION :

The eligible producers will be allowed to use water for power generation, wherever possible. The cost of modification(s) required, if any, in the existing canal system will be done by the

Minor Irrigation Department or Agriculture Department, as the case may be at the cost of the producer. The Minor Irrigation Department or the Department entrusted with minor irrigation will not charge royalty for use of such water.

17. STATE LEVEL ADVISORY COUNCIL :

A State level Advisory Council headed by Commissioner/Secretary, Power & Electricity with representative from the Agency and Power & Electricity Department, Government of Mizoram will be constituted to coordinate all matters relating to renewable energy and to monitor the progress of generation of electricity through Nonconventional Energy Sources and to undertake review of the policy to aid and advise the State Government to make necessary changes in the policy, if required.

18. Zoram Energy Development Agency, (ZEDA) will be the nodal agency, should be authorized to test all devices/equipments related to renewable energy and energy saving devices to be used/sale in Mizoram for quality control.