

# Government of Madhya Pradesh Generation of Electricity through Non – Conventional Energy Sources

## Salient features of NRSE Policy

Government of MP has decided to give the following incentives for power generation through Non-conventional Energy Sources.

- Any industry, institution or private unit (either by itself or as a joint venture) be eligible for incentives under this policy
- Minimum capacity for stand-alone solar photovoltaic unit shall be 5 KW. The maximum Capacity for other projects shall be based on available potential.
- The sale of power from one company to its sister concern shall be deemed as captive user of power.
- Power so generated can be utilized by generator itself or for sale to MPSEB or its Successor Company or sale to any consumer.
- Public sector units will also be eligible for benefits.
- Unit will have to commence and commission the project in the prescribed time limit.

	Commencement of the Project	Commissioning
Wind Energy Project/ Solar Energy	3Months	15 Months
Biomass city waste	9 Months	30 Months

In case of unavoidable reasons, the State Government can extend the prescribed time limit

### Facilities & Incentives

- Purchase Rate:- The rate of power generated by non-conventional energy sources will be decided by MPERC, The power purchase rate for the power generated from wind energy are applicable as per MPERC order issued on dated 11.6.2004 and 1.3.2006 as follows:
  - 1<sup>st</sup> Year : Rs.4.03/ Kwh
  - 2<sup>nd</sup> Year : Rs.3.86/ Kwh
  - 3<sup>rd</sup> Year : Rs.3.69/ Kwh
  - 4<sup>th</sup> Year : Rs.3.52/ Kwh
  - 5<sup>th</sup> Year to 20<sup>th</sup> Year : Rs.3.36/ Kwh
- Green Energy Fund: -A green energy fund has created through CessS Cess collected from power consumers.

- Open Access: - NRSE Power projects shall be exempted from open access charges.
- Third Party Sale: - Third party sale shall be eligible as per Electricity Act 2003 (No. 36 of 2003)
- Wheeling. - The Facility of wheeling will be available to the unit through M.P. Power Transmission Company, as per wheeling charges decided by MPERC. Subsidy of 4% as per existing policy of Government of MP is available.
- Status of Industry: - NRSE project will be given the status of Industry and will be entitled to get all benefits under Industrial Promotion Policy, 2004.
- Power Evacuation Facility; - Power evacuation will be an integral part of the project. All expenses for power evacuation facility shall be borne by the unit.
- Contract Demand Reduction:- The Industrial units which is a consumers of MPSEB and has established a NRSE power unit / consumer of power will be allowed reduction in their contract demand.
- Reactive power charges shall be payable as per the rates decided by MPERC.

### **Land Allotment**

- (a) For 30 years or for the project life the land use permission @ Rs1/- (token) premium per year will be given,
- (b) Private land will be acquired by the Government and made available to the party at acquisition cost.
- 50 percent exemption on stamp duty on private land will be given.
- The guidelines issued by the Ministry of Environment and Forest Gov of India & State Govt, would be applicable for forest land. Application for survey of the forest land shall be submitted to the concerned regional Conservator of Forest (CF) through M. P. Urja Vikas Nigam.

### **Facilities for Special Projects**

#### **Biomass based Projects**

- No other Biomass project will be allowed within the radius of 25 Km of the project and this facility will be given only on completion of project within the specified time.
- Producer shall be allowed to use up to 25% conventional fuel based on declared heat rate.

#### **Wind Energy Projects**

In addition to above, following facilities will also be available to Wind Energy Projects:-

- Developer shall have to pay @ Rs. 50,000/- per megawatt as nonrefundable processing fee along with the application
- **Banking:-**
  - (i) Up to 100% banking of generated power will be given in each financial year on following conditions: -
  - (ii) MPSEB/Distribution Company will verify the accounts/ documents of banked power at the end of each financial year.
  - (iii) Banked power will not be returned, by more than a fixed quantity, at a time, as per decision taken by MPSEB/Distribution Company.

(iv) Banked power will be returned as per decision taken by MPSEB/ Distribution Company keeping in view the Rabi season (Nov. to Feb.) and power availability at Peak demand and demand & supply position in the State. In such circumstances, MPSEB will purchase balance power as per provisions under order issued by MPERC from time to time.

- MPSEB/Distribution Companies will charge 2% of Banked power as banking charges.
- The permission would be granted for certified WEG by C-WET Chennai
- Transmission lines and related facilities will be provided as per MPERC order dated 11.6.2004 & 1.3.2006
- Land use permission for sites certified by MNES, /C-WET, Chennai will only be considered.
- Permission for unidentified locations for carrying out wind monitoring by the private institutions will be given by Energy Department / M.P Urja Vikas Nigam after compliance of proper procedure. One private party will be allowed to install wind monitoring mast at 15 locations at a time. The locations at which wind monitoring is being done by private institutions shall have to be certified by C-WET, Chennai, if the site found suitable for wind farm development, the first right to develop wind farm will be given to the private institution for the area surrounding 5KM radius of mast, if private institution is not able to complete the wind monitoring and start project within 18 months time from the date of

approval then Energy Department has the right to allot that location to another institution for transfer of project use.

- The Private land including that of agricultural land would be exempted from Land Ceiling for its acquisition.

**Other facilities: (For All)**

- For implementation of the projects, an Empowered Committee to be headed by the Chief Secretary has been constituted. Comprising of Principal Secretary (Finance), Principal Secretary (Revenue) Principal Secretary (Forest), Principal Secretary (WRD) and M. D. MPUVN as members. Secretary (Energy) is the Convener of the Committee.
- Carbon credit related financial benefits (on availability) would directly be given to the investor.
- Non Conventional Energy plants and accessories related equipments would be exempted from Commercial Tax (Entry Tax/Octroi). The Other commercial taxes to be imposed in future such as Value Added Tax, etc. would also be exempted.
- Said facility would also be applicable on "Lease Finance" based projects.
- This incentive policy is in force for a period of 5 years.
- The units which do not intend to take benefits under this policy would be at liberty to set up the projects under Electricity act 2003.