GOVERNMENT OF KERALA

Abstract

Power Department – Allotment of Small Hydro Electric Projects to Captive Power producers and Independent Power Producers – Revised Guidelines - Modified – orders issued.

POWER (B) DEPARTMENT

G.O.(MS)No.5/2006/PD. Dated, Thiruvananthapuram, 17-03-2006.

Read: - 1) G.O. (MS)No.28/02/PD. 11-10-2002

2) G.O. (MS)No.2/03/PD dt. 16-01-2003

3) Note no.SHPC/EMC/SHP-RP/1 dated 17-01-2006 from the Director, Energy Management Centre, Thiruvananthapuram

ORDER

Government vide G.O. read as first paper above had issued guidelines for the allotment of Small Hydro projects on BOOT basis to Captive Power Producers (CPP) and Independent Power Producers (IPP) and thereafter revised the said guidelines vide G.O. read as second paper above.

2) Consequent upon the enactment of the Electricity Act 2003 some of the provisions of the revised guidelines issued vide G.O. read as second paper above required modifications/alterations so as to be consistent with the relevant provision of the Act.

3) In the circumstances Government are pleased to amend/modify the guidelines issued in the GO read as 2nd paper above to the extent mentioned in the Appendix to this Government order.

4) The guidelines issued vide G.O. read, as second paper above stands modified to that extent.

By Order of the Governor,
S. Girijathmajan,
Additional Secretary to Govt.

To

The Chairman, KSEB, Thiruvananthapuram.
The Secretary, KSEB, Thiruvananthapuram.
The Director, Energy management Centre, Thycaud, Thiruvananthpauram.
The Genl.Admn.(SC) Department (vide item no.1529 dated 15-03-2006
The Power (A/C/PS) Departments.
SF/OC
Copy to: PA to Additional Chief Secretary & Prl. Secretary (Power)
CA to Additional Secretary (Power).

Forwarded/By Order,

Section Officer.

APPENDIX

The undermentioned clauses of the revised guidelines issued in GO(Ms)No.2/2003/PD dated 16-1-1003 incorporating amendments to GO(Ms)No.28/02/PD dated 11-9-02 shall be further amended by addition,deletion,replacement or modification to the extent as detailed below:-

A. Conditions Common for both CPPs and IPPs

(1) **Clause -2:-** T & D loss in wheeling of the energy from generating station to the consumption point of Captive Power producers (CPPs) shall be fixed by Kerala State Electricity Regulatory Commission (KSERC)

(2) **Clause- 3 :-** Wheeling charges shall be fixed by KSERC as per the provisions of EA 2003

(3) **Clause-7 :-**This Policy is applicable for small/mini projects with installed capacity ranging from 0.5 MW to 25 MW.

B. Guidelines for the allotment of Hydel Schemes to Private sector- Captive Power Projects

(4) **Clause-1:-**Any person as defined in EA 2003 who intends to set up a captive power plant for its own consumption within the State of Kerala shall be eligible to apply under CPP category. However, preference for allotment shall be given to HT/EHT industrial consumer.

(5)**Clause-3.6 :-** The CPP developer may surrender the allotment back to Government of Kerala if on completion of the TEFR within the timeframe the developer establishes to the satisfaction of the Government that the project is techno-economically unviable from developer's point of view. In such case the developer shall be relieved of his commitments. However the TEFR become the property of the Government. In such instances, the Government shall return 75% of upfront premium after retaining 25% of the same towards meeting miscellaneous expenses.

(6)**Clause-3.7:-** In case of surrender of allotment by CPP, no compensation shall be given by the Government in such instance, other than that eligible under 3.6 above.

(7)**Clause-5:-** The Kerala State Electricity Board (KSEB) shall have the first right to purchase the energy generated in excess by the captive producer over the captive consumption. If KSEB is not intending to purchase the excess power from CPP, then CPP is permitted to sell the power in excess over their requirement to any third party. The developer shall be responsible for payment of surcharge and transmission & wheeling charges as decided by KSERC for the energy sold to third party consumer/ distribution licensees/ power trading company. The purchase of surplus power by KSEB shall be at a tariff subject to the approval of KSERC.. The purchase will be subject to the energy requirements of the State, grid frequency, other system constraints and financial viability of such purchase.

(8)**Clause -6.1:-** CPP shall have right to open access for the purpose of carrying power from their captive generation plant to their destination of own use subject to availability of adequate transmission facility as determined by KSEB/State transmission utility(STU). Any case of dispute regarding availability of transmission facility shall be adjudicated up on by the KSERC.

(9) **Clause -6.3:-** Wheeling charge and Transmission losses will be decided by KSERC

(10) **Clause –7** :-Construction and maintenance of transmission facilities up to the nearest KSEB/STU grid as directed by the KSEB / STU shall be at the cost and responsibility of the developer. KSEB/STU reserves right to draw extra power through this transmission line. Any modification / upgradation of substation of KSEB/STU, which draws power from the project, shall be at the cost of developer. Cost for above said items shall be included/ considered in the project cost. Alignment of transmission line will be surveyed by the developer and got it approved by KSEB/ STU before commencement of transmission works. Proposal for transmission line including specification of lines and interfacing equipments, protective equipments etc. are to be prepared
by the developer and submitted along with the TEFR to the KSEB/STU for scrutiny and approval within a time frame of 15 months from the date of allotment. The developer shall install & maintain ToD meter and allied equipment as prescribed by KSEB/STU. KSEB/STU along with the developer shall jointly seal meters & metering devices.
(11) **Clause-9.1(a):-** Developer may construct & maintain dedicated transmission lines from generation plant to interconnection point.

(b)The developer will have the right to access for existing transmission facilities in the State, if adequate transmission facility is available . Availability of transmission facility shall be decided by KSEB/STU. And any dispute regarding the availability of transmission facility shall be adjudicated up on by KSERC. The developer shall enter into a wheeling agreement with KSEB/STU for evacuation of power.

(c) When transmission lines of KSEB/STU are used, the transmission charges and transmission losses shall be decided by KSERC from time to time. Transmission losses will be adjusted in the delivered energy while the transmission charges as decided by KSERC shall be paid to KSEB/ STU as per the provisions of EA2003. The wheeling transactions shall be settled on monthly basis.

(12)**Clause-12**:- KSEB/any other agency authorized by Government will provide available information about the project such as project site, hydrological details, transmission access etc. to the prospective bidders at a cost specified in the bid document

(13) **Clause-16**:- In case the state grid is not able to absorb the energy generated from the scheme for any reason, the generation from the scheme will have to be temporarily stopped as directed by the State Load Despatch Centre (SLDC). The captive producer will not be compensated for the loss in generation due to the intervention by SLDC. In extraordinary circumstances arising out of threat to security of the state, public order or a natural calamity or such circumstances arising out of public interest, the developer shall have to operate & maintain generating station in accordance with the directives of state government. In case of shut down, no claim on account of loss of generation shall be entertained.

(14)**Clause-17**:- Captive user/ third party consumer/Licensee(authorized consumer) shall abide by grid discipline & will not be entitled for any compensation in the event of grid failure, shut down, interruption in power supply etc. resulting in non-consumption of generated energy.

(15) **Clause-18** :-Deleted

(16) **Clause- 20**:- Deleted

(17)**Clause- 21**:-The CPP has to operate as per the instruction from the State Load Dispatch Centre or KSEB/ STU till the formation of SLDC. The SLDC may levy and collect fee and charges from the generating Companies and licensees engaged in intra-state transmission of electricity as may be specified by the State Commission

(18) clause 22(d):- The developer shall take prompt action to commence the works when the projects are finally allotted. In case the developer does not commence the work within the stipulated period, Government reserves the right to cancel the allotment and take over the project. Compensation of any nature to the developer on this account will not be allowed.

(19) Clause 22(f):- Construction of the project shall be strictly in accordance with the TEFR and the design specifications approved by KSEB subject to quality assessment and progress monitoring by GoK or any agency authorized by GoK.

C.Guidelines for the allotment of Hydel schemes to Private sector - IPPs- on BOOT basis

(20) Clause 1:-Any Company or body corporate or association or body of individuals, whether incorporated or not, or artificial judicial person shall be eligible to apply under IPP category

(21) Clause-4.6:- The IPP may surrender the allotment back to Government of Kerala, if on completion of the TEFR withinthe timeframe, the developer establishes to the satisfaction of the Government that the project is techno-economically unviable from developer's point of view. In such case, the developer will be relieved of his obligations. However the TEFR become the property of the Government. In such instance, the Government shall return 75% of implementation guarantee after retaining 25% of the same towards meeting miscellaneous expenses. The Government shall not compensate for any other expenditure incurred by the developer for the preparation of TEFR

(22) Clause-6.1:- Government will invite tender notice for submitting application for qualification. Allotment of Projects will be based on two-stage bidding process. In the first stage, the applicants has to submit request for qualification (RFQ).All bidders shall be subject to pre-qualification as provided in the following paragraph

(23) Clause-6.3:- In the second stage, proposals are invited from qualified bidders. Proposals and bids of the short-listed qualified applicants shall only be considered for allotment. All pre-qualified bidders will be provided with DPR/DIR.

(24) Clause-6.4:- Criterion for selection of IPP bidder will be the lowest levelised tariff rate quoted for the sale of electricity for the entire BOOT period.

(25) Clause-7:-Government shall have power to accept or reject the offer considering the financial viability of the rate.

(26) **Clause 8** :- KSEB will have the first right to purchase the power generated by the IPP at the bid rates subject to the approval of KSERC. The purchase will be subject to financial viability of such purchase and other system requirements. If KSEB is not intending to purchase the power from IPP, then the commission shall permit non-discriminate open access as per the provisions of EA 2003

(27)**Clause-9**:-Construction and maintanence of transmission facilities up to the nearest KSEB grid as directed by the Board shall be the cost and responsibility of the developer. KSEB reserves the right to draw extra power thr this transmission line. Any modification /upgradation of substation of KSEB for drawing power from the project shall be at the cost of the developer. Cost for above said items shall be included/considered in the project cost. Alignment of transmission line will be surveyed by developer and got it approved by KSEB/STU. Proposal for Transmission line including specification of lines and interfacing equipments, protective equipments etc. are to be Prepared by the developer and submitted along with the TEFR to the KSEB for scrutiny and approval Within a time frame of 15 months from the date of allotment.

(28) **Clause 11.1** :-The Company shall prepare the TEFR (Techno Economic Feasibility Report) and submit it to th KSEB/any other agency authorized by Government for evaluation and approval

(29) **Clause - 11.2**:-The DPRs prepared and data available in respect of small hydel projects will be made available to all bidders at the cost specified in the bid document.

(30) **Clause-14** :-In case the generation has to be regulated due to constraints in the power system, the generation from the scheme will have to be regulated /stopped as directed by the Load Dispatch Centre. The Generating Company will not compensated for the short fall in revenue due to the intervention by SLDC. In extraordinary circumstances arising out of threat to security of the state, public order or a natural calamity or such circumstances arising out of public interest, the developer shall have to operate & maintain generating station in accordance with the directives of state government. In case of shut down, no claim on account of loss of generation shall be entertained

(31) **Clause-16**:- The IPP has to operate as per the instruction from the State Load Dispatch Centre or KSEB/STU till the formation of SLDC.

(32) **Clause-17.(b)** :-Construction of the project will be strictly in accordance with the TEFR and the design specification approved by the KSEB/ any other agency authorised by the Government, subject to quality assessment and progress monitoring by KSEB / any other agency authorised by the Government

(33) **Clause 17(c):-** The developer shall develop the power station at full installed capacity as allotted to him. Stations should be developed and operated at optimum capacity for achieving optimum utilization of natural resource

(34) **Clause 17(i):-** In case the developer leaves any project incomplete or closes the industry or abandons the project or violates any condition of allotment, the Government reserves the right to take over the project without any compensation and free from encumbrances. Developer shall not pledge, hypothecate or mortgage Government/ KSEB land without the consent of the Government. On completion of BOOT period the entire project components including transmission system shall be transferred by the developer to the Government in proper working condition free of cost and free of all encumbrances. The Government will not have any liability to take over the employees engaged in the project by the developer. In case the Government do not extend the BOOT period and the developer do not transfer his project components as specified above, the Government/Board on being authorized by Govt. will have the right to recover the property with all the project components. In case there is any subsisting liability the agency shall be personally liable for the same

(35) **Clause 17(n):-**As a policy tail race schemes, dam toe and other regulatated flows are reserved for the developme by KSEBor its successor entities and not opened for allocation to IPPs

36. **Clause 17(o)** :- Prior sanction of Government is to be obtained for sale of surplus power outside the state.