



Solar Power Policy for Jammu & Kashmir

Department of Science and Technology

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1. INTRODUCTION

1.1 The challenges of climate change and global warming continuously threaten the world community. The Government of Jammu & Kashmir has taken note of the growing recognition of impact of climate change at the local, national and global levels. The Government recognizes the urgent need to tackle challenges that arise on account of these impacts through integrated policy prescriptions and programmes aimed at mitigation of impacts and adaptation to reduce vulnerability of systems. The Government is also cognizant of the cross-cutting nature of impacts with enormous cost implications for tackling them and that these costs could escalate if preventive action is not taken immediately. Besides this MNRE has launched Jawaharlal Nehru National Solar Mission (JNNSM) under the brand 'Solar India' with the objective to establish India as a global leader in solar energy, by creating the policy conditions for its diffusion across the country as quickly as possible. The Mission has set a target of 20,000MW and stipulates implementation and achievement of the target in 3 phases (first phase up to 2012-13, second phase from 2013 to 2017 and the third phase from 2017 to 2022) for various components, including grid connected solar power.

1.2 The successful implementation of the JNNSM requires the identification of resources to overcome the financial, investment, technology, institutional and other related barriers which confront solar power development in India. The penetration of solar power, therefore, requires substantial support. The policy framework of the Mission will facilitate the process of achieving grid parity by 2022.

1.3 To ramp up capacity of grid-connected solar power generation to 1000 MW within three years – by 2013; an additional 3000 MW by 2017 through the mandatory use of the renewable purchase obligation by utilities backed with a preferential tariff. This capacity can be more than doubled – reaching 10,000MW installed power by 2017 and 20,000 MW or more by 2022 in the country. The transition could be appropriately up scaled, based on availability of international finance and technology.

2. NEED FOR SOLAR POWER PROJECTS

2.1 Solar energy is environmentally friendly as it has zero emissions while generating electricity or heat. The exhaustible reserves of fossil fuels and their volatile market prices further contribute towards energy insecurity. Government recognizes the central role of energy and the need to have a policy to promote efficient use of conventional energy together with proactive establishment and promotion of sustained use of new and non-conventional energy sources and applications to reduce emissions and other impacts of climate change. Based on this “climate efficient initiative” the state has decided to promote energy efficiency measures, adopt preventive management techniques and build capacities for all the concerned stakeholders to contribute and sustain successful transitions to a more energy efficient future duly emphasizing the local relevance of alternatives.

2.2 From an energy security perspective, solar is the most secure of all sources, since it is abundantly available. Theoretically, a small fraction of the total incident solar energy (if captured effectively) can meet the entire country’s power requirements. It is also clear that given the large proportion of poor and energy un-served population in the country, every effort needs to be made to exploit the relatively abundant sources of energy available to the country. While, today, domestic coal based power generation is the cheapest electricity source, future scenarios suggest that this could well change. Already, faced with crippling electricity shortages, price of electricity traded internally, touched Rs 7 per unit for base loads and around Rs 8.50 per unit during peak periods. The situation will also change, as the country moves towards imported coal to meet its energy demand. The price of power will have to factor in the availability of coal in international markets and the cost of developing import infrastructure. It is also evident that as the cost of environmental degradation is factored into the mining of coal, as it must, the price of this raw material will increase. In the situation of energy shortages, the country is increasing the use of diesel-based electricity, which is both expensive – costs as high as Rs 15 per unit - and polluting. It is in this situation the solar imperative is both urgent and feasible to enable the country to meet long-term energy needs.

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3. OBJECTIVES

3.1 The State Government introduces the Solar Power Policy with the following objectives :

- i) Promoting generation of green and clean power in the State using Solar Energy
- ii) To meet the targets to be achieved countrywide under JNNSM.
- iii) To put in place an appropriate investment climate, that could leverage the Clean Development Mechanism (CDM).
- iv) Productive use of the wastelands, thereby fostering a socio-economic transformation.
- v) Employment generation and skill enhancement of local youth. For this it shall be mandatory for the developers to have at least 50% employees from the state subjects.
- vi) Promotion of R&D and facilitation of technology transfer
- vii) Establish core technical competence in professionals in the state to initiate and sustain use and effective management of newer energy applications.
- viii) Creation of environmental consciousness among citizens

4. OPERATIVE PERIOD

4.1 The Policy will come into operation with effect from its publication in the State Gazette and will remain in force until super ceded or modified by another Policy.

5. CAPACITY CAP

5.1 The minimum project capacity shall be 1 MW. However, if MNRE launches any scheme for lower capacity power plant then that shall also be considered.

6. ELIGIBLE UNIT

6.1 Any company or body corporate or association or body of individuals or project proponents as per MNRE Schemes/ guidelines launched/issued from time to time will be eligible for setting up of Solar Power Plants (SPPs), for the purpose of captive use and / or for sale of electricity as per J&KSERC/ CERC regulations.

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6.2 Entities/ companies/ individuals or group of individual not seeking support from Government & ready to invest in Solar Power Plants will also be eligible units provided the land is also privately owned.

6.3 Innovative projects which combine latest technologies as standalone or combined with solar power plants, completely owned by Private parties/ Companies with no Govt investment will also be eligible.

7. PROCEDURE FOR ALLOTMENT OF SITES FOR DEVELOPMENT OF SOLAR POWER PLANTS

7.1 The Nodal Agency shall prepare a Land Bank containing list of potential sites for development of Solar Power Plants and such sites shall be allotted as per following procedure.

- (i) The available sites shall be advertized to seek bids.
- (ii) All the applications received in response to the advertisement shall be subject to pre-qualification as per evaluation criteria. The applications shall be accompanied with a non-refundable Demand Draft for an amount as shall be specified in the bid document as processing fees.
- (iii) Bids shall be invited on the basis of upfront premium payable to GoJK and shall quote this premium up to two decimal points.
- (iv) The bids shall be subject to two-stage scrutiny. In the first stage the pre qualification of bids will be conducted on the basis of financial and technical capacity in the manner as specified in the bid document or MNRE guidelines as per the scheme. However, nothing shall prevent the Nodal Agency from inviting single cover two package bid consisting of non-financial and financial bid for optimizing the time.

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- (v) The bidders which are found technically responsive shall be asked to submit their price bids based on upfront premium per MW payable to the GoJK.
- (vi) The minimum threshold premium will be specified in advertisement on per MW basis. Bids received beneath this threshold shall be rejected for that.
- (vii) The project shall be allotted to the bidder making the highest bid.
- (viii) In case two or more bidders bid identical premium for a site, then the bidder securing the highest technical score during pre-qualification shall be awarded the project.
- (ix) If after advertisement of the project site, only one tender is received, fresh advertisement would be issued. If a single bid is again received in response to the second advertisement, the said bid shall be considered on the basis of technical and commercial capacity with minimum threshold premium or premium quoted by him whichever is higher.

8. EVALUATION / PRE-QUALIFICATION CRITERIA

8.1 Pre qualification of bidders will be based on financial and technical capacity to mobilize the required resources. Applications will be graded on the basis of balance sheets, annual reports and other supported evidence of financial and technical capabilities.

8.2 The weightage to be given to financial capacity, technical capability, past experience and other relevant attributes of the applicants, the sub-categories of these attributes to be evaluated and their inter-se weightage, the guidelines for evaluation and the passing score on attributes /in aggregate required for pre-qualification shall be specified in the bid documents.

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8.3 Any entity in order to technically qualify shall be required to have an agreement with proven technology supplier of Solar Power Projects for supply of equipments for the plant.

9. SELF IDENTIFICATION OF PROJECTS

9.1 Self identification of sites shall be fully permissible. Whenever such a proposal is received from an entity in respect of a particular project site (*Govt. land*) which has not yet been advertised, the Nodal Agency shall proceed to examine the feasibility of the site for setting up a Solar Power Plant and also determine the optimum power potential that can be harnessed.

9.2 In case the project site is found feasible, it will be advertized to seek bids. Two-stage bid process as mentioned in paras 7.1 shall be followed.

9.3 While evaluating a price bid, for Self identified projects Swiss challenge method shall be adopted with the first right of refusal given to the party which has identified the site.

9.4 In case a proposal is received from an entity in respect of a project site (*private/personal land*), the Nodal Agency shall examine the feasibility of the site for setting up a Solar Power Plant and also determine the optimum power potential that can be harnessed and accordingly shall recommend the application of the Project Proponent to MNRE with prior approval of PAC for development of the site as per the guidelines of the scheme in vogue. However, if the project proponent does not require any tariff subsidy or MNRE incentive then the case will be cleared by PAC with or without the approval of nodal agency and PDD or its successor company (ies) will provide open access as per the procedure in vogue and sign the transmission supply agreement for grant of open access.

9.5 Each case for grant of lease of Government land to the entrepreneurs (whether permanent or non permanent resident of the state) shall be referred to the Revenue Department for a decision in accordance with the relevant norms.

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10. INCENTIVES TO THE POWER DEVELOPERS

10.1 Solar Power Plants (*SPPs*) installed and commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of twenty five years from the date of scheduled commissioning or as approved by MNRE.

10.2 No entry tax will be levied by the state Govt. on Power generation/transmission equipment and building material used for Solar Power Plants.

10.3 The Govt. land if required, for Power Projects shall be acquired by JAKEDA strictly as per project requirement for the developer and leased to the developer on payment of premium /rentals to be determined by the Government till the expiry of concession period.

10.4 In case of non availability of Govt. land, the land required shall be arranged by the entity for Science & Technology Department/ JAKEDA/ LREDA/ KREDA and will be leased out to the IPP at token rate to be decided by PAC.

10.5 Wherever forest land is involved, the state will facilitate permission for use of forest land for non forest purposes under the provisions of the J&K Forest Conservation Act. However, the compensation required to be paid for the purpose including the amount required for net present value, compensatory afforestation etc. will be paid by the entity.

10.6 Mortgage deed in favour of the financing institutions required to be signed by the promoters shall be exempted from payment of stamp duty. The State Government has already enabled equitable mortgage in the state.

10.7 Exemption from court fee for registration of documents relating to lease of land will be granted to the entities.

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10.8 No royalty in the shape of free power has to be paid for the Solar Power Projects. However, in case such provision is incorporated by the MNRE in the guidelines the same shall be applicable.

10.9 Entities will be eligible for central financial assistance as per the guidelines of MNRE, GoI as may be applicable besides other incentives given by the state or centre.

10.10 Electricity generated from the SPPs and used for self consumption / sale to third party / sale to licensees shall be liable to pay @4 paisa per unit under J&K Electricity Duty Act, 1963.

10.11 Exemption from demand cut to the extent of 50% of the installed capacity of SPPs, assigned for captive use purpose, shall be allowed.

11. SCHEDULE OF IMPLEMENTATION

11.1 Entity shall prepare and submit the DPR / Company Profile and other information and make necessary applications for obtaining statutory clearances and approvals from state Govt. and regulatory authority (as applicable) after carrying out required confirmatory surveys and investigations as per prevailing regulations/norms. The entity shall be responsible for providing all documents and submissions of documents to concerned authorities within 12 months from the date of allotment. The state will facilitate the process of seeking statutory and non-statuary clearances on best effort basis. The Nodal Agency shall accord the approval to the DPR as well as the implementation schedule.

11.2 The entity shall achieve the financial closure within three months from the date of receipt of all statutory approvals and clearances given by the state and Central Governments. Financial closure would imply firm commitments for financing the entire Project, with all pre-disbursement conditions having been fulfilled.

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11.3 The Project shall have to be completed and made operational by the developer within a period of 24 months after receiving all statutory clearances.

11.4 The failure to fulfill any of the commitments/conditions will result in automatic cancellation of the allotment of site and forfeiture of upfront premium amount. No compensation would be payable to the entity in such instance.

11.5 The entity shall deposit upfront premium to the Nodal Agency on the basis of advertised capacity within one month from the date of allotment of the site. Additional upfront premium, if any, based on upward revision at DPR stage shall be paid within one month of accord of approval.

12. TRANSMISSION/ WHEELING CHARGES

12.1 Wherever feasible, the infrastructure and transmission/distribution network of PDD or its successor company (ies) shall be available for wheeling/ transmission of power generated from the SPP. However, the point of interface between the network of PDD or its successor company (ies) and SPP shall be specified in the agreement executed between PDD or its successor company (ies) and the entity. The developer shall take all the steps to facilitate synchronization with the PDD or its successor company (ies) to match the existing local system parameters.

12.2 For sale of Power within or outside the state, transmission/ wheeling charges shall be applicable as per J&KSERC/CERC regulations as the case may be. The developer shall have to apply for the open access as per the procedure in vogue and sign the transmission supply agreement for grant of open access.

12.3 Facility for banking for captive use or/and for third party sale shall be provided for a period of two months.

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13. SALE OF ENERGY

13.1 The energy generated from a Solar Power Plant can be availed for captive use or sold to the PDD or its successor company (ies) or any third party within or outside the state.

13.2 In case of sale of Energy to PDD or its successor company (ies), the tariff shall be as determined by the J&KSERC.

14. PLANT AND MACHINERY

14.1 Only new plant and machinery shall be eligible for installation under this policy.

15. METERING OF ELECTRICITY

15.1 The Electricity Generated from the SPP shall be metered at the interconnection point with the SEMs Conforming to the specification as laid down under Grid Code. These meters shall be sealed jointly by the developer and the PDD or its successor company (ies) and shall be recorded on monthly basis at 00.00 Hrs of the last day of the month and conveyed to SLDC for energy accounting.

16. GRID CONNECTIVITY AND EVACUATION FACILITY UPTO PDD SUB-SUBSTATION

16.1 On allotment of a project, the developer will approach the appropriate utility for grant of open access, which shall analyze the system availability and grant open access, duly identifying the interconnection point, infrastructure required up to the interconnection point, specifications, evacuation voltage etc.

16.2 The developer shall be responsible for developing the necessary infrastructure upto interconnection/interface point to facilitate the connectivity/synchronization with the Grid. However, for remote areas it shall be in accordance with the Policy of Government of India.

17. OPEN ACCESS FOR THIRD PARTY SALE

17.1 The infrastructural facilities of PDD or its successor company (ies), as available will be provided to the developer for wheeling and transmitting the generated energy.

17.2 For supply of power, the State Transmission/Distribution networks of transmission/distribution Utility can be utilized for which open access charges shall be borne by the developer as per J&KSERC regulations. T&D losses will also be borne by the developer, as per J&KSERC regulations.

17.3 The T&D losses for intrastate wheeling / transmission shall be as per the JKSERC regulations for PDD or its successor company(ies) network and for wheeling / transmitting beyond PDD or its successor company(ies) network, it shall be as per CERC regulations.

18. RENEWABLE PURCHASE OBLIGATION

18.1 The Renewable Purchase Obligation will be applicable in accordance with the Regulations issued by the JKSERC, as amended from time to time.

19. REACTIVE POWER CHARGES

19.1 The reactive power availed from the generating stations can be charged as per the JKSERC regulations, as amended from time to time.

20. PENALTY FOR NON FULFILLING POWER PURCHASE OBLIGATION

20.1 Distribution licensees in the state of J&K are mandated to purchase solar power specified by J&KSERC from time to time.

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20.2 The Distribution licensee who fails to meet the minimum solar power purchase obligation specified by JKSERC shall be liable to pay a penalty at the forbearance price determined by the Central Electricity Regulatory Commission from time to time, or actual per unit generation tariff fixed by the JKSERC, whichever is lower, to the Nodal Agency, which will be passed on to the developer. Penalty, if any, shall be imposed only with the approval of JKSERC.

21. RENEWABLE ENERGY CERTIFICATE AND SHARING OF CLEAN DEVELOPMENT MECHANISM (CDM) BENEFIT

21.1 The solar power project developer will pass on the gross benefits of CDM to the distribution licensee with whom PPA is signed, as per the regulations of CERC.

21.2 Solar Power Promoters shall also be eligible to possess one tradable RE Certificate per every 1000 units of Energy (1MWh) wheeled to the Distribution Utility or to any other licensee.

22. STATE GOVT FACILITATION AGENCY

22.1 JAKEDA, LREDA and KREDA shall be the State Government facilitation Agencies for facilitation and implementation of the solar power policy. These facilitation agencies will facilitate and assist the project developers and undertake the following activities to achieve the objects of the Policy:

- a) Identification of suitable locations for solar projects, preparing a land bank and creation / up gradation of connected infrastructure to the project site i.e. roads etc.
- b) Facilitation in obtaining clearances and approvals which are in the purview of the State Government on best effort basis.
- c) Recommending the project (subject to qualification) to avail benefits under any policy declared or to be declared by Government of India after approval of PAC.

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- d) Promote Research and Development activities for cost effective sustainable and environment friendly technologies in collaboration with internationally and nationally reputed institutions.
- e) Engage the services of national/global experts/consultants for Research and Development of solar and other renewable technologies
- f) Carry out awareness campaign on energy conservation and use of renewable sources of energy at all levels (i.e village, tehsil, district etc. through schools, colleges, educational institutions, community centers and civil society organizations).
- g) Along with project developers, develop appropriate manpower skills by tying up with education and training institutions.
- h) Co-ordinate with the developer for getting approval of the State Transmission utility (PDD) for inter-connection.
- i) Co-ordinate in getting connectivity to the Sub-station of State Transmission Utility/ Distribution Utility.

23. MID TERM REVIEW

23.1 State Government may undertake a mid-term review of this policy after a period of 3 years or as and when the need arises in view of any technological breakthrough or to remove any inconsistencies with JKSERC Regulations made or any Govt. of India policy.

24. POWER TO REMOVE DIFFICULTIES

24.1 If any difficulty arises in giving effect to this policy, the project approval committee is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficulty either on its own motion or after hearing those parties who have sought clarifications for the provisions contained in the policy.

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25. REGULATORY OVERSIGHT

25.1 Aspects of this policy as require regulatory approvals from any concerned agency shall be subject to such approvals and in the manner approved by the regulator.

26. ROLE OF NODAL AGENCY

26.1 JAKEDA will be the Nodal Agency in Jammu and Kashmir Divisions of the State and LREDA & KREDA will be Nodal Agencies in respect of Leh and Kargil Districts respectively. The Agencies will be responsible for:

- i. Invitation of Bid.
- ii. Evaluation of the bids received.
- iii. Allotment of the SPP sites after approval of Project Approval Committee.
- iv. Forwarding the project proposals to MNRE, GoI for grant of CFA applicable for development of SPPs with prior approval of Project Approval Committee.
- v. Monitoring the progress of the Project and project appraisals and keep the Department of Science and Technology informed about project progress monthly.
- vi. Whenever MNRE invites applications under JNNSM for setting up of Solar Power Plants, the nodal Agency shall evaluate the bids as per the standing norms laid by the MNRE for smooth implementation of the programme after prior approval of Project Approval Committee.

27. PROJECT APPROVAL COMMITTEE

27.1 The Project approval Committee under the chairmanship of Administrative Secretary, Science & Technology Department will be constituted separately by Science & Technology Department to approve the Solar Power Projects based on the financial & Technical criteria.

28. DEFINITIONS

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

i.	CDM	:	Clean Development Mechanism
ii.	CERC	:	Central Electricity Regulatory Commission
iii.	CFA	:	Central Financial Assistance
iv.	Developer	:	A person who develops electricity and transfers it to Consumer
v.	DPR	:	Detailed Project Report
vi.	ENTITY	:	Independent Power Producer/developer
vii.	GoJK	:	Government of Jammu and Kashmir
viii.	J&K	:	Jammu & Kashmir
ix.	JAKEDA	:	Jammu & Kashmir Energy Development Agency
x.	J&KSERC	:	Jammu & Kashmir State Electricity Regulatory Commission
xi.	JKSPDC	:	Jammu & Kashmir State Power Development Corporation
xii.	JNNSM	:	Jawaharlal Nehru National Solar Mission
xiii.	KREDA	:	Kargil Renewable Energy Development Agency
xiv.	LREDA	:	Ladakh Renewable Energy Development Agency
xv.	MNRE	:	Ministry of New and Renewable Energy
xvi.	PDD	:	Power Development Department
xvii.	PPA	:	Power Purchase Agreement
xviii.	R&D	:	Research & Development
xix.	SEMs	:	Special Energy Meters
xx.	SLDC	:	State load Dispatch Centre
xxi.	SPPs	:	Solar Power Plants
xxii.	T&D	:	Transmission & Distribution