

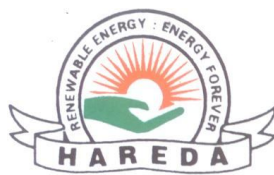
APPROVAL PROCEDURE

FOR

GRID CONNECTED INDUSTRIAL

BIOMASS/BAGASSE COGEN

POWER PROJECTS



HARYANA RENEWABLE ENERGY DEVELOPMENT AGENCY (HAREDA)
(Department of Renewable Energy, Haryana)
Akshaya Urja Bhawan, Institutional Plot No.-1, Sector-17, Panchkula-134109
Telephone No. 0172-2585733, 2587233, 2579033 Fax No. 0172-2564433
E-mail : drehareda@gmail.com Website : www.hareda.gov.in

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APPROVAL PROCEDURE FOR
GRID CONNECTED INDUSTRIAL BIOMASS/BAGASSE COGEN POWER
PROJECTS

1. Background:

Haryana has a Renewable Energy Power Policy notified on 23.11.2005 which deals with the procedure for setting up of Renewable Energy Power Projects in the State including Small Hydro, Biomass, Bagasse, Solar, Waste to Energy etc. This Policy was formulated to allot the projects to IPPs after inviting proposals. But in case of biomass/bagasse cogen projects in industries, the situation of competition is not foreseen as the project in a particular industry generating biomass can be set up by the industry itself only and not by any other IPP.

Therefore, the Government has considered the issue and is of the view that biomass /bagasse cogen projects in industries may be simplified and approval procedure may be simplified and laid down separately to promote such projects in the State so that the Renewable Purchase Obligation (RPO) fixed by the HERC (2% for 2012-13 and 3% for 2013-14) may met otherwise the Utilities have to purchase Renewable Energy Certificates(RECs) from the Power Exchange which requires huge investment without creating installed capacity in State.

The State Government, therefore, has laid down the following simplified approval procedure for grid connected industrial biomass/bagasse cogen projects:

2. Eligibility conditions

- (i) The Independent Power Producer (IPP) must have minimum per annum turnover of Rs. 2.00 crore/MW & Net worth of Rs. 5.00 crore in any of the last three years.
- (ii) In case of applications submitted by consortium of firms, all the participating firms should meet the financial eligibility criteria individually for each site.
- (iii) For timely & efficient implementation of the projects, only maximum two projects shall be registered to any firm/consortia. More projects may be registered only after the earlier registered projects are commissioned.

3. Documents to be submitted with proposal

- (i) Application in the prescribed format, complete in all respect alongwith documents to be required as per detail mentioned in the application format alongwith non-refundable scrutiny fee of **Rs.10,000/-per MW** in the form of DD in favour of Director General, HAREDA.
- (ii) The IPP should submit site specific Detailed Project Report (DPR) alongwith Memorandum of Understanding and Article of Association, Registration Certificate, Audited balance

Sheets of the last three years and land available, land ownership/ agreement to sell documents in the name of the IPP and NOC from the Village Panchayat, grid feasibility & details of water source.

- (iii) DPR should be supported with the independent biomass assessment report. There will be no restriction on area for fuel collection for the project.
- (iv) In the DPR, detail of power evacuation system should also be mentioned with details of nearest substation for grid connectivity, grid connectivity line diagram as per the latest HERC & SLDC regulations and source of water and its availability.
- (v) In the DPR, all the financial details of the projects i.e. total cost, means of finance, pay back period, IRR, DSCR etc. be submitted with CDM benefit and without CDM benefits. All the parameters mentioned in the DPR should be as per the guidelines of MNRE/GOI/ State Policy & HERC Regulations.

4. Procedure for approval

- i) After receipt of the proposal along with Detailed Project Report(DPR), it shall be considered by the Technical Appraisal Committee (TAC) under the chairmanship of Director General, HAREDA with regards to the capacity proposed, necessary documents to be attached with the DPR etc.
- ii) After the approval of the TAC, the recommendation of the TAC be placed before the Chairman, HAREDA for consideration and approval of the project.
- iii) If the proposal is approved, the IPP has to deposit performance security deposit @ **Rs.5.0 lac per MW (Rs.1.00 lac in the shape of DD and Rs.4.00 lac in the shape of BG valid for 36 months) within 15 days.** Extension in this regard may be granted by the Director General, HAREDA on receipt of request for extension with valid reasons, for maximum two months, failing which the approval shall stand cancelled. Thereafter, HAREDA will enter into an Implementation Agreement (IA) with the IPP for execution of the project within the prescribed time frame (i.e. 22 months), extension and penalties for delay etc. The security deposit will be refunded without interest, if the project is implemented within the prescribed time frame. In case of delay, 20% security will be forfeited for an extended time of six months in the first instance and thereafter every three months up to total twelve months after which the entire security will be forfeited.
- iv) After depositing the processing fee/ performance security, HAREDA will enter into an Implementation Agreement (IA) (**Annexure-I**) with the IPP for implementation of the project.
- v) After signing of IA, the private investors is required to enter into PPA with the concerned power utilities for the sale of power to it or to the third party after getting necessary approval from the Haryana Electricity Regulatory Commission (HERC) and implement the project as per IA.

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IMPLEMENTATION AGREEMENT BETWEEN HARYANA RENEWABLE ENERGY DEVELOPMENT AGENCY AND M/S _____ FOR THE IMPLEMENTATION OF GRID CONNECTED INDUSTRIAL BIOMASS/BAGASSE CO GENERATION PROJECT OF _____ MW CAPACITY IN HARYANA

This Implementation Agreement(IA) made this day on _____ in the year _____ between the Haryana Renewable Energy Development Agency acting through Director General, Haryana Renewable Energy Development Agency having its registered office at S.C.O.No.39, Sector 4, Panchkula and presently operating from Akshay Urja Bhawan, Institutional Plot No.-1, Sector 17, Panchkula (hereinafter referred to as "HAREDA," which expression shall, unless repugnant to the context or meaning thereof, include its successors and assignees) of the ONE PART

AND
M/s _____ having its registered office at _____ (hereinafter referred to as "Company" which expression shall, unless repugnant to the context or meaning thereof, include its successors, executors, administrators, representatives and permitted assignees) of the OTHER PART

Whereas the HAREDA has decided, in line with the policy guidelines as issued vide Haryana Government Renewable Energy Department, Notification No.22/69/2005-5P dated the, 23rd November,2005 for Promoting Generation of Electricity through Renewable Energy Sources, to allow the setting up of Grid Connected Industrial Biomass/ Bagasse Co-generation Power Project (hereinafter referred to as "The said project") on build operate and own (BOO) basis in private sector/assisted/joint sector for investment in such projects inter alia _____ project in _____ district (Haryana), of the capacity of _____ MW;

AND WHEREAS the Company has decided to set up the said project as well as to provide transmission system associated therewith for the evacuation of power as per requirements of concerned power utilities/licensee as given in the Policy on Promoting Generation of Electricity through Renewable Energy Sources/ orders of Haryana Electricity Regulatory Commission(HERC) in force from time to time.

AND WHERE AS HAREDA and the Company have held discussions and the Company has agreed for the implementation of the said project and is desirous of reducing in writing the terms and conditions of the said understanding;

NOW THIS IMPLEMENTATION AGREEMENT BETWEEN THE PARTIES HERETO WITNESSETH AS FOLLOWS:-

1. The Company is desirous of and have submitted its offer to HAREDA alongwith Detailed Project Report for the implementation of the said project at site..... Village-_____ in District of _____ of Haryana,
2. HAREDA has accepted the proposal of the Company in pursuance of Letter of Intent (LOI) issued vide memo No. _____ dated _____ and has agreed in principle to facilitate the Company to implement the said project as per the Detailed Project Report approved by HAREDA.
3. HAREDA agrees to the extent possible to provide to the Company copies of all available documents, data, information and report relating to the said project, including copies of all investigations and studies, if any, carried out by it.
4. The IPP has to deposit performance security deposit @ **Rs.5.0 lac per MW (Rs.1.00 lac in the shape of DD and Rs.4.00 lac in the shape of BG valid for 36 months) within 15 days.** Extension in this regard may be granted by the Director General, HAREDA on receipt of request for extension with valid reasons, for maximum two months, failing which the approval shall stand cancelled. Thereafter, HAREDA will

enter into an Implementation Agreement (IA) with the IPP for prescribed time frame for execution of the project (i.e; 22 months), extension and penalties for delay etc. within 15 days time. The security deposit will be refunded without interest, if the project is implemented within the prescribed time frame. In case of delay, 20% security will be forfeited for an extended time of six months in the first instance and thereafter every three months up to total twelve months after which the entire security will be forfeited, project cancelled and IA rescinded. The processing fee and performance security shall be paid by the Company in advance to HAREDA in the shape of Demand Draft drawn in favour of Director General, Haryana Renewable Energy Development Agency (HAREDA), Panchkula, before signing of this IA.

5. The Company agrees that it shall not sublet/ transfer its rights and benefits accrued under this IA to any other party without the prior approval of the Director General, HAREDA.
6. The Company after being satisfied with the technical feasibility and economic viability of the said project, will make all suitable arrangements for financing the cost of the said Project.
7. The Company agrees that they shall implement the said project keeping in view all stipulated quality control measures as well as safety standards as prescribed by all competent authorities from time to time for execution of renewable energy based power projects and shall achieve all the physical as well as financial parameters of the said project (with particular reference to the quantities of various items as well as the associated costs thereof etc.) as given in the approved Detailed Project Report. The Company shall allow access to the authorized representative(s) of the HAREDA or other Government representatives to all the locations of the said project to ensure compliance in this respect.
8. The Company shall ensure that while implementing the said project, the said project will not affect any public utility service/ scheme such as drinking water, health, irrigation scheme, approach path/road, environment and safety of the State etc. The HAREDA shall not be responsible for any consequences on that account.
9. The total time for the commissioning of the said project will be twenty two months from the date of signing of the IA. This is the period for which this IA shall remain effective and this could be extended by Chairman, HAREDA on receipt of written request on the grounds of circumstances beyond the control of the company. In case the project is not commissioned within the stipulated period & extension is not allowed by the competent authority or in case of breach of any clause of this IA, the performance security will be forfeited and IA rescinded.
10. As a sequel to the signing of the IA, the Company will enter into the Power Purchase Agreement with the concerned Power Utilities/Licensee for sale of power to it or to the third party after getting necessary approval from the Haryana Electricity Regulatory Commission (HERC) as per provisions in the Electricity Act,2003, and shall complete financial closure of the said project within six months from the date of signing the IA.
11. Before starting the execution of the project, the company shall obtain all required statutory clearances from concerned departments/agencies.
12. Further, the company shall submit its application to the power utilities/ HVPNL for grid feasibility/connectivity as per the latest HERC regulations.
13. Neither party shall be considered to be in default under this IA for breach of any of the terms thereof due to the imposition of onerous restrictions and regulations by Central/ State government or any statutory authority or any agency or other cause beyond its reasonable control.
15. Both the parties shall do and execute all such acts, deeds, assurances and things, as may be necessary and proper for carrying out the terms of this IA. The parties agree to negotiate and enter into such agreements as may be required to give effect to the understanding reached herein.

16. The Company shall provide all necessary information and documents to HAREDA, necessary for filing of application to the Ministry of New and Renewable Energy, Government of India/Haryana Government, as the case may be, for claiming the various incentives /subsidies, as admissible, from time to time to such projects, for facilitating the early disbursement of the same by the concerned Departments./ Agencies to the Company.
17. PROVIDED ALWAYS and it is hereby expressly agreed to if at any time, there shall arise any dispute, doubt, difference or question with regard to the interpretations or in respect of the rights, duties and liabilities of the parties hereto in any way touching upon or arising out of or otherwise in relation to this IA every such dispute, doubt, difference or question shall be required to be referred to a third party in accordance with the provisions of the Arbitration and Reconciliation Act, 1996, as amended from time to time. All legal proceedings, if any, relating to the agreement shall be subjected to the territorial jurisdiction of competent civil courts at Panchkula.
18. The Company agrees that the benefits of Carbon Trading under CDM, if any, accrued to the project at any stage will be shared between HAREDA, Power Utilities and the Company as per the decision of Haryana Electricity Regulatory Commission (HERC) in the matter.
19. In case the Company or the HAREDA does not find the said project to be feasible from techno-economic consideration or from any other aspect, or the Company does not implement the said project due to any other reasons whatsoever, the Company shall hand over to the HAREDA all the said project reports and any other connected documents/ data as may have been collected and/ or prepared by the Company during the course of investigations.
20. The Company shall bear the stamp duty on the execution of this IA.

IN WITNESS WHEREOF the parties hereto have set their hands unto this on the day, month and year first above

Signature _____
 Date _____
 Name _____

M/s _____
 Signature _____
 Date _____
 Name _____

Director, Haryana Renewable Energy
 Development Agency

Designation _____

For and on behalf of
 Haryana Renewable Energy
 Development Agency

For and on behalf of the Company

Witness

Witness

1. Signature _____
 Date _____
Name _____
 Designation _____

1. Signature _____
 Date _____
Name _____
 Designation _____

2. Signature _____
 Date _____
 Name _____
 Designation _____

2. Signature _____
 Date _____
 Name _____
 Designation _____