

MANIPUR



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GOVERNMENT OF MANIPUR

SECRETARIAT : SCIENCE & TECHNOLOGY DEPARTMENT

ORDERS BY THE GOVERNOR : MANIPUR

Imphal, the 12th September, 2006

No. 1/1/2005-S&(Misc).—The Governor of Manipur is pleased to order to the adoption of State Policy on Renewable Sources for promoting generation of additional power supply through Non-Conventional Energy Sources which shall come into force with effect from the date of publication in the Manipur Gazette as below:

PREAMBLE:

Schemes under Renewable Energy Sources (RES) have been implemented in Manipur since 1994-95. In pursuance of the policy decision taken by the Ministry of Non-Conventional Energy Sources (MNES), Government of India, a dedicated Agency called Manipur Renewable Energy Development Agency (MANIREDA) was registered under Societies Registration Act, 1989 (Manipur Act No. 1 of 1990) on 31st March in 1999. A comprehensive State Policy has now been prepared to provide a policy framework for promotion of energy under the Renewable Energy Sources (RES) to supplement energy under the Power and Electricity Department.

Augmentation of generation of Power especially village energy security for remote and inaccessible villages will be actively pursued and promoted through the following energy sources:—

1. Generation of power through Pico, Micro, Mini and Small Hydro Power Projects upto 25 MW.
2. Generation of power through Solar, Wind and Biomass energy.
3. Various incentives for promotion of private investment have been provided.

All schemes under Renewable Energy Sources will be implemented through Manipur Renewable Energy Development Agency (MANIREDA) in pursuance of decision taken by Government of Manipur (GOM) in 1992.

Maximum emphasis will be given on implementation of the projects through Village Level Authorities where Self-help Groups will be organized under the village level project body on the pattern of the Village Development Board (VDB) of Nagaland, which will provide additional benefit of empowerment of village level authorities, participation of the concerned villages in project implementation, management, maintenance and local employment. MANIREDA will facilitate detailed survey, preparation of Detailed Project Report (DPR), funding support, project implementation, training for imparting the type of skill required for project management and maintenance etc.

Department of Power, Forest and Environment, Science and Technology and other functionaries will be involved for technical support and to provide expertise as per requirement.

A district level body called District Advisory Committee chaired by the Deputy Commissioner of the district concerned with members drawn from different Agencies such as concerned departments, representative of villages, NGOs etc. will be involved to ensure proper project management and participation of concerned parties.

1. OBJECTIVES:

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

In order to ensure provision of energy security in all the villages, generation of power through renewable energy sources will be given priority for electrification of villages. In view of heavy loss of revenue in the power sector, efforts shall also be made to minimize heavy Transmission & Distribution losses through setting up of regularized generation of power through pico/micro/mini hydel, biomass, solar wind etc.

2. OPERATIVE PERIOD:

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.

3. ELIGIBLE PRODUCERS:

- (i) All power producers generating grid-grade electricity from Non-Conventional Energy Sources such as solar, wind, electric generators, small hydro plants, biomass combustion, biomass cogeneration, waste recycling etc. will be eligible producers under this policy.

(ii) There will be no restriction on maximum generating capacity or supply of electricity to the grid. However, only those producers, who would like to set-up projects, having installed capacity not exceeding 25 MW, will be treated as eligible producers.

(iii) It shall not be necessary for such power producers to sell the produced electricity to Power Department, Government of Manipur or its successor. Such power producers producing electricity for captive consumption shall also be treated as eligible producers. However, if the third party is a consumer of the Power Department and needs support of the Power Department systems in case of outage of the power station, then he will have to pay minimum charges as per rules of the Power Department.

(iv) There shall be no restriction on the legal entity of power producing entrepreneur and may include companies, cooperative, partnerships, village development board/village authorities, individuals, etc.

4. GRID INTERFACING:

(i) Interfacing, including transformers, panels, kiosks, protection metering High Transmission (HT) lines from the points of generation to the nearest High Transmission lines etc. as well as their maintenance will be undertaken by the producer as per the specifications and requirements of the Power Department Government of Manipur, for which such eligible producers will bear the entire cost. Alternatively, these works and their maintenance could be undertaken by the Power Department at charges to be decided by the Power Department.

(ii) Power Department, Government of Manipur 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.

(iii) Power Department, Government of Manipur will also undertake at its cost augmentation of transmission lines, if required.

(iv) The eligible producer at his cost will install two separate meters, one for the receipt of power to the grid and another for release from the grid, on the High Transmission side. The meters and metering boxes will be sealed by Power Department, Government of Manipur.

(v) The eligible producer will install necessary current limiting devices such as Thyristors in the generating equipment. Capacitors of sufficient rating will also be provided in the equipment to ensure that the power factor is always maintained above 0.80.

5. FACILITIES BY POWER DEPARTMENT, GOVERNMENT OF MANIPUR :

(i) **Wheeling** :—Power Department, Government of Manipur 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 fed to the grid, irrespective of the distance from the generating station. However, the third party will have to be a High Transmission consumer of the power unless this condition is relaxed specifically by the Power Department.

(ii) **Purchase of Power at attractive rate** :—The Power Department, Government of Manipur will purchase electricity offered by the developer at a minimum rate of Rs. 2.25/- unit, 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 first April of the year for a period of ten operational year. Thereafter, the rate of increase shall be mutually settled between Power Department, Government of Manipur & the developer.

The developer will also have the option to sell the Electricity generated by him to a third party within the State, at a rate to be mutually settled between them.

(iii) **Settlement on monthly basis** :—All transactions between the Power Department, Government of Manipur and the eligible producer involving wheeling, banking or sale of power will be settled on a monthly basis.

(iv) **Development of Small Hydro Power Projects (SHP's)** :—Development of Small Hydro Power Projects (SHP's) having installed capacity up to 25MW, shall be done by MANIREDA either by direct implementation of the project or by facilitating implementation of such projects by "eligible producers". MANIREDA will be responsible for proper management, co-ordination etc. for such projects. The Power Department shall continue to extend possible co-operation in this regard to the agency and eligible producer as and when requested for. MANIREDA shall be the Nodal Agency responsible for giving clearance for execution of Non-Conventional Energy projects having installed capacity of 25 MW, and below in the State.

(v) **Banking** :—The Power Department, Government of Manipur, will permit electricity generated by eligible producers to be banked for a period upto one year.

6. POWER PURCHASE AGREEMENT (PPA) BETWEEN ELIGIBLE PRODUCERS AND POWER DEPARTMENT, GOVERNMENT OF MANIPUR :

The State Power Department and eligible producers under this policy will enter into a Power Purchase Agreement for a minimum period of 20 years.

However, if any eligible producer intends to enter into Power Purchase Agreement for shorter period, Power Department, Government of Manipur will be prepared to do so.

7. INCENTIVES BY THE STATE GOVERNMENT:

(i) **Exemption from Electricity Duty** :—Consumption of electricity generated by eligible producer for its captive use or for sale to a nominated third party will be exempted from electricity duty for a period of 5 years from the Commercial Operation Date (COD).

(ii) **Grant of incentive available to industries** :—Eligible producers generating electricity from Non-Conventional Energy Sources will be treated as eligible industry under the schemes administered by Industry Department and incentives available to industrial units under such schemes shall also be available to 'eligible producers' for establishing such power generation plants. Similarly concessions given to the industrial units in 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 of such facilities to other industrial units if such generation plant is set up in industrial estate developed by State Government.

Incentives for generation of energy through renewable energy sources announced by the Government of India under the following heads namely—(a) Industrial policy for renewable energy development in India ; (b) Incentive for promotion of renewable energy/non-Conventional energy sources and (c) policy measures in vogue shall also be applied in Manipur as given in the Annexure-I, Annexure-II and Annexure-III.

(iii) **Sales Tax Benefits** :—'Eligible producers' will be eligible for sale tax exemption/sales tax order deferment under the provision of schemes notified in this respect by Finance Department as modified from time to time.

The exemption of tax on renewable energy devices and spare parts as notified by Finance Department vide their Notification No. 5/17/99-FD (TAX) Pt. dated 8th May, 2001 may continue by making partial modification of their order vide Notification No. 5/6/2002-FD(TAX) Pt. dated 23-12-2005 under Sl. No. 131.

8. FACILITATION BY MANIPUR RENEWABLE ENERGY DEVELOPMENT AGENCY (MANIREDA)

(i) Manipur Renewable Energy Development Agency (MANIREDA) is a State Nodal Agency for developing and promoting Non-Conventional Energy production and use in the State of Manipur. MANIREDA shall facilitate clearance for the projects 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). MANIREDA shall also facilitate grant of loans to such projects by Indian Renewable Energy Development Agency (IREDA) and subsidies by the Ministry of Non-Conventional Energy Sources (MNES).

(ii) In case of failure to get private investors to take up projects for electrification of villages, MANIREDA shall take up the projects. In such cases, all items not funded by MNES including grid interfacing cost mentioned under para (i), (iv) and (v) of item 4 above shall be borne by the State Government as share of the State's counterpart funding. Appropriate allocation of funds shall be made by the Planning Department to meet such liabilities.

9. 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 Irrigation Department at the cost of the producer. The Irrigation Department will consider charging royalty for use of such water at a rate not exceeding 10% of the prevailing electricity tariff for electricity consumers.

10. APPLICATION AND CLEARANCES :

(i) Producers intending to install electricity generation plants using a Non-Conventional Energy Sources will be permitted to submit their applications for setting up such projects and for grid interfacing to MANIREDA/ Power Department, Government of Manipur.

(ii) MANIREDA/Power Department, Government of Manipur will provide clearance at the earliest possible date.

(iii) An agreement will be entered into with the applicant producer within a period of one month from the date of such clearance.

(iv) If the applicant does not take effective steps (i.e. at least 10% of the total project cost is not incurred within six months) to implement the project, the agreement could be terminated by Power Department, Government of Manipur/ MANIREDA and the site allotted to another applicant.

11. In pursuance of the decision of the Government of Manipur notified in Manipur Gazette Extraordinary Notification No. 9 dated 5-4-99 vide Order No. 6/2/94-STE(Pt.) dtd. 31-3-1999, and in pursuance of instruction of MNES, all renewable energy schemes/programmes in the State shall be implemented through MANIREDA only.

12. In order to save energy, all Government buildings should incorporate appropriate devices and designs to make energy efficient building. Efforts should also be made by all the departments to avail incentive provided by the MNES for such buildings.

MANIREDA will be the State Nodal Agency for implementation of solar energy efficient buildings. Guideline of Ministry of Non-Conventional Energy Sources, Government of India, is enclosed as Annexure-IV.

13. List of villages to be electrified under Power Department and the MANIREDA shall be prepared and finalized by a Committee consisting of the following:-

(a) Chief Secretary, Government of Manipur	--	Chairman
(b) Chairman/MANIREDA	--	Vice-Chairman
(c) Com/Secy. (Power), Government of Manipur	--	Member
(d) Commissioner/Secretary (S&T)	--	Member
(e) Chief Engineer (Power)	--	Member
(f) Director (S&T)	--	Member
(g) Director/MANIREDA	--	Member

The Committee will prepare detailed action plan for achieving the target fixed by the Government of India for electrification of the un-electrified villages.

14. STATE DEVELOPMENT ADVISORY COUNCIL:

A State Level Advisory Council (SLAC) headed by the Chief Secretary as Chairman, Chairman of MANIREDA as Vice-Chairman will be constituted with the following officials as members:- The Additional Chief Secretary/Principal Secretary/Commissioners/Secretaries of (i) Forest & Environment, (ii) Finance, (iii) Planning, (iv) Power, (v) Science & Technology, (vi) Commerce & Industries, (vii) Rural Development & Panchayati Raj, (viii) Chief Engineer/Power, (ix) Principal Scientific Officer, MNES, Guwahati, (x) Director, MANIREDA.

The function of the State Level Advisory Council (SLAC) will be to monitor the progress of generation of electricity through Non-Conventional Energy Sources, undertake review of the policy, to aid and advise the State Nodal Agency to make necessary changes according to necessity etc.

The Committee will also have power to invite other expert as deemed necessary.

ANNEXURE-I

INDUSTRIAL POLICY FOR RENEWABLE ENERGY DEVELOPMENT IN INDIA

Ministry of Non-Conventional Energy Sources is promoting medium, small and micro enterprises for manufacturing and servicing of various types of renewable energy systems and devices. Industrial policy measures include—

- * Industrial clearance is not required for setting-up of renewable energy industry.
- * No clearance is required from Central Electricity Authority for power generation projects upto Rs. 100 crores (Rs. 1000 million).

• A five year Tax holiday allowed for renewable energy power generation projects.

• Soft loan is being made available through Indian Renewable Energy Development Agency (IREDA) for renewable energy equipment manufacturing.

• Facilities for promotion of export oriented units are available for renewable energy industry also.

• Financial support is available to renewable energy industries for taking up Research & Development (R&D) projects in association with technology institutions.

• Power projects import allowed.

• Private Sector Companies can set up enterprise to operate as licensee or generating companies.

• Customs duty concession is available for renewable energy parts/equipment, including for machinery required for renovation and modernization of power plants.

• Excise duty on a number of capital goods and instruments in the renewable energy sector has been reduced/exempted.

ANNEXURE-II INCENTIVE FOR PROMOTION OF RENEWABLE ENERGY/ NON-CONVENTIONAL ENERGY SOURCES

The Ministry of Non-Conventional Energy Sources provides financial incentives such as interest subsidy and capital subsidy. In addition, soft loans are provided through the Indian Renewable Energy Development Agency (IREDA) a public sector company of the Ministry and also through some of the nationalized Banks and other financial institutions for identified technologies/systems.

The Government also provides various types of fiscal incentives for renewable energy sector, which include direct taxes-100% depreciation in the first year of the installation of the project, exemption/reduction in excise duty exemption from central sales tax, and customs duty concessions on the import of material, components and equipment used in renewable energy projects.

For creation of attractive environment for evacuation and purchase, wheeling and banking of electrical energy generated from renewable energy sources, the Ministry has issued a set of guidelines to all the States. It has suggested that should announce general policies for purchase wheeling and banking of electrical energy generated from all renewable energy sources. Fourteen (14) States have so far announced such policies in respect of various renewable energy sources.

ANNEXURE-III

POLICY MEASURES IN VOGUE

A host of fiscal incentives and facilities are available to both manufacturers and users of the renewable energy systems which include:

- 100% accelerated depreciation for tax purposes in the first year of the installation of projects/systems.
- No excise duty on manufacture of most of the finished products.
- Low import tariffs for capital equipment and most of the materials and components.
- Soft loans to manufacturers and users for commercial and near commercial technologies.
- Five year tax holiday for power generation projects.
- Remunerative price under alternate power purchase policy by State Government for the power generated through renewable energy systems fed to the grid by private sector.
- Facility for Banking and wheeling of power.
- Facility for Third party sale of renewable energy power.
- Financial incentives/Subsidies for devices with high initial cost.
- Involvement of women not only as beneficiaries but also for their active contribution in implementation of renewable energy programmes.
- Special thrust for renewable energy in North-Eastern Region of the country. 10% of Plan funds earmarked for North-East towards enhanced and special subsidies.

Allotment of land on long term basis at token lease rent and supply of garbage free of cost at project site by State Governments, in respect of projects on energy recovery from municipal waste.

ANNEXURE-IV

FINANCIAL PROVISIONS AND GUIDELINES FOR IMPLEMENTATION OF SOLAR BUILDING PROGRAMME

A. SOLAR BUILDINGS:

Preparation of Detailed Project Reports (DPRs):—Central Financial Assistance (CFA) @ 50% of the cost of the DPR subject to a maximum of Rs. 2.00 lakhs will be provided for preparation of DPRs, including detailed buildings. A maximum of ten (10) DPRs will be supported in each State with the CFA being released on reimbursement basis. The proposals generated will be routed through SNAs who will ensure that the DPRs prepared are actually resulted in construction.

of solar buildings. 50% of the CPA sanctioned will be released on completion and submission of DPRs to MNES along with Statement of Expenditure (SOE) and the balance after commencement of building construction as per the DPR. Before submitting the proposals, the State Nodal Agencies in consultation with Public Works Department (PWD)/other related Government Bodies will certify that the cost of the DPR is reasonable.

Demonstration Solar Buildings:—Support for construction of demonstration solar buildings will be provided by the Ministry upto 10% of the cost of construction subject to a maximum of Rs. 50.00 lakhs for each project. The support will be available for the buildings of the State Nodal Agencies and other public/Government buildings. Active solar systems installed in the buildings will not be covered under the scheme. Two buildings will be supported in each State, with initial release of 25% of CPA and further releases based on the utilization of funds and the progress made on buildings as per DPR. The proposals will be submitted by the State Nodal Agencies along with DPR and certified cost of construction of the building from PWD/other related Government Bodies.

This issues with the concurrence of Finance Department, Government of Manipur vide their U.O. No. 1/2006-07/FD (46-Misc/43) dated 1-8-2006.

By order & in the name of the Governor,

M.A. SATTAR,
Commissioner (S & T),
Govt. of Manipur.