

# **TELANGANA WIND POWER POLICY 2016**

## **GLOSSARY**

COD	Commercial Operations Date
CII	Confederation of Indian Industry
GoTS	Government of Telangana State
GoI	Government of India
MNRE	Ministry of New and Renewable Energy
MoP	Ministry of Power
NCE	Non-Conventional Energy
NIWE	National Institute of Wind Energy
NOC	No-Objection Certificate
PCB	Pollution Control Board
PPA	Power Purchase Agreement
R&D	Research & Development
REC	Renewable Energy Certificate
RPPO	Renewable Power Purchase Obligation
RLDC	Regional Load Dispatch Centre
SGST	State Goods Service Tax
SLDC	State Load Dispatch Centre
SPV	Special Purpose Vehicle
Consumers	As defined in Regulation 2 of 2006
TNREDCL	Telangana New and Renewable Energy Development Corporation Limited

TSDISCOMS/

DISCOMS Distribution Companies of the state of Telangana

TSNPDCL Telangana State Northern Power Distribution Company Limited

TSSPDCL Telangana State Southern power Distribution Company Limited

TSTRANSCO Telangana State Transmission Corporation

TSERC Telangana State Electricity Regulatory Commission

WPP Wind Power Project

WPC Wind Power Cell

## **PREAMBLE**

The Government of India has announced National Action Plan on Climate Change (NAPCC) in June 2008 the main goal of which is to promote Renewable Energy sources of generation and to meet 15% of the total energy requirement of the country from these resources by 2020. The emphasis on Renewable Energy and India's commitment was further reaffirmed in the recently concluded Paris Summit. Wind power is one of the important components of the total Renewable Energy Sources. Of the total installed renewable energy capacity of around 37,000MW so far, wind power generation contributes more than 24,000 MW. Thus, the role of wind energy is acknowledged and needs to be promoted depending upon feasibility potential.

The state of Telangana has taken major initiative in promoting solar energy through the recently notified "Telangana state Solar Policy 2015".The policy, along with the Telangana Industrial Policy 2015, has been received very well as one of the most progressive and industry friendly policy. However solar power is only available during daytime and with wind & solar power offering complementary generation, it is important for the state to harness the wind potential available in the state, especially during evening time during the day and during monsoon season. The complementarity between wind and solar will help utilize the transmission and evacuation capacity in an ideal manner.

National institute of wind energy, based on initial surveys, has identified a potential of 4,244 MW of wind energy in the state. GoTS intends to add atleast 2,000 MW of wind power by 2018-19.A time thus has come to accelerate the growth of wind power projects in the state and a well laid out policy thus is a crucial ingredient.

This policy has provisions which aims at creating an enabling environment for prospective wind power generators/developers to harness substantial quantum of wind power in the best possible manner. This in turn is expected to meet the objective of the State Government to provide competitive, reliable power supply to its consumers and also to ensure a sustainable fuel mix in the long run.

## **1. TITLE**

The policy shall be known as “The Telangana Wind Power Policy 2016”.

## **2. OBJECTIVES:**

- a) Realize and harness wind power potential of the state;
- b) Contribute to long term energy security of the state by promoting a sustainable generation combining renewable with thermal power generation;
- c) To promote public as well as private investment in wind power generation;

## **3. OPERATING PERIOD:**

The policy shall come into operation with effect from the date of notification in the State Gazette and shall remain applicable for a period of five (5) years and/ or shall remain in force till such time a new/modified policy is issued.

Wind power projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, from the date of commissioning and for a period, which will be specified by rules framed by the Government.

## **4. APPLICABILITY OF THE POLICY:**

All registered companies, Joint Venture Companies, Central and State power generation/ distribution companies and public / private sector wind power developers will be eligible for setting up of wind power projects within the state, either for the purpose of captive/group captive use and/or for selling electricity to the utilities or third parties, in accordance with the Electricity Act-2003, as amended from time to time.

For availing the benefits under this policy, power generated from any of the above modes, has to be consumed within the state.

## **5. REGULATORY FRAMEWORK**

The Electricity Act 2003, as amended from time to time, mandates the State

Electricity Regulatory Commission, to set tariffs for renewable energy as well as to issue regulations pertaining to renewable power purchase obligation (RPPO), and set charges for wheeling, transmission and distribution of electricity.

## **6. EASE OF BUSINESS-ENABLING PROVISIONS**

The State, in order to encourage wind-based generation, has prepared the following measures for improving the ease of doing business. However, in order to be eligible, the project developer has to ensure that the generation is within the time limit stipulated in the PPA or within a maximum period of 24 months from the date of capacity allotment whichever is earlier, failing which the provisions under this policy automatically stands cancelled.

### **a) Facilitation of expeditious approvals through single window clearance**

The Wind Policy Cell (WPC) will undertake single window clearance for all WPPs. A transaction charge of Rs. 25,000/MW shall be applicable for processing applications for single window clearance. The modalities of the single window clearance mechanism shall be notified within 30 days from the date of issue of this policy.

### **b) Deemed conversion to Non-agricultural land status**

It is the responsibility of the project developer to acquire land for wind project. Land acquired for grid-connected WPPs for sale to DISCOMs/ captive use/group captive/ third party sale shall be automatically deemed to be converted to Non-agricultural land status, on payment of applicable conversion charges to the WPC and no further conversion procedures need to be followed by the developers in respect of such land. The conversion charges would be as per the Agricultural Land (Conversion for Non-agricultural Purposes) Act 3 of 2006 amended from time to time.

Power generated from the wind power projects installed entirely or partly on Government/ revenue land or forest areas shall be for sale within the State only. Wind projects will be encouraged to set up on private land. All necessary approvals/clearances must be obtained from concerned departments/agencies (central/state as applicable) for setting up of WPP in forest-land. Government also reserves the right to allot such land on lease to State/central PSUs or JVs

(where majority stake is that of Government) on nomination basis

**c) Exemption from Land ceiling Act**

The ceiling limit as per the land ceiling act will not be applicable for any land acquisition for Wind Power Projects. Land requirement would be computed based on the assessment done by TNREDCL.

**d) Transmission and Distribution charges for wheeling of power**

The wheeling and transmission charges are exempted for captive/ group captive use within the state. They will be charged as applicable for third party sale. The transmission and distribution losses, however, are fully applicable for both third party within the state as well as captive use within the state.

**e) Power scheduling and Energy Banking**

All WPPs shall be awarded must-run status as per provisions of grid code.

Banking of 100% of energy shall be permitted for all Captive and Open Access/ Scheduled consumers during all 12 months of the year. Banking charges shall be adjusted in kind @ 2% of the energy delivered at the point of drawl.

The banking year shall be from April to March. Banked units cannot be consumed/redeemed in the peak months (Feb to June) and in the peak hours (6 pm to 10 pm). The provisions on banking pertaining to drawal restrictions shall be reviewed based on the power supply position of the State.

For captive/ Group captive/ third party sale, energy injected into the grid from date of synchronization to open access approval date will be considered as deemed energy banked. The unutilized banked energy shall be considered as deemed purchase by DISCOM(s) at average pooled power purchase cost as determined by TSERC for the year.

For Sale to DISCOMS, Energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be purchased by the DISCOMS at the first year tariff of the project, as per the provisions of the PPA with DISCOMS.

#### **f) Electricity Duty**

Electricity duty shall be exempted for captive/group captive consumption, sale to DISCOMS and third party sale in respect of all WPPs set up within the state. Also, Electricity duty will be waived for the new manufacturing facilities and ancillaries of the Wind Power Projects.

#### **g) Cross subsidy Surcharge**

For WPP located within the state and selling power to third parties within the state, 100% exemption shall be provided on the cross subsidy surcharge as determined by TSERC for five years from the date of commissioning of the WPP.

#### **h) Bill settlement**

In respect of WPPs selling power to the DISCOMS, settlement of energy shall be as per the PPA executed between the WPP and the DISCOM

#### **i) Grid Connectivity and Evacuation facility**

WPPs shall be evacuated at the appropriate voltage level at the interconnection point of TSTRANSCO or TSDISCOMS and evacuation up to the interconnection point shall be the sole responsibility of the WPP developer. The WPP shall conform to the order, rules, regulations and guidelines issued by the TSERC/SLDC/RLDC/ TSTRANSCO from time to time on all matters pertaining to operation and maintenance of the plant. The WPP developer shall bear the entire cost of transmission infrastructure till the interconnection point, however the following support shall be available to the WPP:

- a. Supervision charges levied by the TSTRANSCO/DISCOMS shall be exempted;
- b. TSTRANSCO/DISCOMS shall process and close the proposals for technical feasibility within thirty (30) days of receipt of application from the WPP developer;



**j) Payment of Development Charges and Layout fee and permission from Gram Panchayat**

Development charges and layout fee of INR 25,000 per acre basis shall be levied payable to the respective Panchayat. The land in fraction would be rounded to the next integer for calculating the development charges. On payment of such amount, the Gram Panchayat will accord necessary approvals for setting up of the Wind power projects including permission for bore wells. No further permission is required at the panchayat. For this purpose, a separate category will be created under the Panchayat rules. Gram Panchayat will give permission within 14 working days from the date of making payment of development charges failing which permission will be deemed to have been accorded.

**k) Refund of VAT**

100% refund of VAT/SGST for all the inputs required for wind power projects will be provided by the Commercial Tax Department for a period of 5 years.

**l) Refund of Stamp Duty**

Industries Department will provide incentive in terms of 100% refund of Stamp Duty for land purchased for setting up wind power project and/or wind-solar hybrids. Registration charges are payable as per rules.

**m) Open Access**

Intra-state Open Access clearance for the tenure of the project will be granted as per TSERC regulations amended from time to time.

**n) Pollution clearance**

WPPs being a part of green energy will be exempted from obtaining any NOC/Consent for establishment under pollution control laws from Telangana Pollution Control board.

**o) Provisions under the Factories act**

WPPs setup for sale to DISCOMs/ captive use/ group captive/ third party sale will be registered as factories for applicable projects (for the purpose of labour) under the factories act and the entire process shall be completed within a week.

**7. PROMOTION OF WIND SOLAR HYBRID**

To enable better utilization of common infrastructure and related facilities, solar and wind hybrid power projects shall be encouraged in the State. The feed-in-tariff for such projects shall be as determined by TSERC.

For roof-top based wind, wind-solar hybrid systems net-metering would be allowed.

**8. Provisions Pertaining to Wind Resource Assessment Studies, Capacity Allotment and Land Allotment**

Wind Resource Assessment (WRA) studies, Capacity allocation and land allocation procedures play a major role in wind project development and the same would be dealt with under the following two scenarios indicated

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**Scenario A: Cases wherein the WRA studies are carried out by TNREDCL/NIWE or any state/ central designated agency**

**The land adjoining the wind masts could either be private land or government land. Such sites may fall within 10 kms radius from the location of wind masts set-up by state/ central government designated agencies.**

On completion of the WRA studies by the State/ Central Government designated agencies, TNREDCL may invite proposals for capacity allotment of wind projects on such sites. Capacity allotment would be based on competitive bidding.

Criteria for Competitive bidding could be percentage of free power proposed to be sold by the project developer to discoms in the State, premium on Rs /MW basis or any other criteria of competition fixed by GoTS which it deems fit. The

tariff payable for sale of power to the discoms would be as per the tariff determined by TSERC.

**Scenario B: Cases wherein the WRA studies are carried out by Private developers**

**The land adjoining the wind masts could either be private land or government land. The existing sites where WRA studies are been conducted by private developers would be subsumed under this scenario.**

**Procedure for conducting WRA studies.**

Permission for carrying out Wind Resource Assessment (WRA) at self-identified locations by the private entities will be given by TNREDCL on a first come first serve basis based on the payment of applicable fees to TNREDCL. The state/central government agencies will have the first right of refusal for conducting WRA studies at such sites.

The applicant needs to clearly demarcate the project boundaries in a topo-sheet where it is proposed to conduct the WRA study. All applications received will be scrutinized to ensure that the site identified has not been allocated to any other entity for WRA study as on the application date or is not within 5 kms radius from NIWE/TNREDCL proven or on-going wind masts as on the application date. The developer should give a BG of Rs 5 Lakh/site at the time of entering into a MoU with TNREDCL. After approval from NIWE/TNREDCL the private developer will enter into a MoU with TNREDCL for completing the following activities – setting up the necessary infrastructure for carrying out WRA studies, carrying out complete two year wind resource assessment study, getting the WRA study vetted by NIWE and also putting an application for capacity allotment to TNREDCL. All the above activities needs to be completed within a period of 30 months from signing of MoU with TNREDCL, failing which the developer shall forfeit the BG.

In order to discourage large scale blocking of sites by a single player or by a non-serious bidders, the following conditions needs to be met by the developers conducting the WRA studies –

1. Number of sites where the developers/along with their subsidiaries would be given permission for conducting WRA studies at any point in time would be limited to 10 sites.
2. Annual fee needs to be paid by the developer on a per site basis based on

the rate determined by GoTS from time to time.;

Post WRA, capacity allocation would be as follows

### **Capacity Allotment**

The developer who has conducted the WRA studies shall furnish the complete generation data and potentiality of wind power generation in the site to TNREDCL and, would be required to put in an application for capacity allotment within the timeline mentioned above. In case the application for capacity allotment is not received within the stipulated time, then TNREDCL has the right to allocate capacity to any other interested developer based on first come first serve or any other transparent mechanism. In such cases the tariff payable for sale of power to the discoms would be as per the tariff determined by TSERC based on the wind regimes present across the State of Telangana.

Application for capacity allotment should be for the entire capacity indicated in the WRA studies. If the application for capacity allotment is lower than the capacity indicated in the WRA studies, TNREDCL would allocate balance capacity to any other interested developer based on first come first serve or any other transparent mechanism. The bidder will have to agree to abide by the terms and conditions as laid down by the state government regarding the share of power to be shared free or any other criteria as decided by the state government.

### **Land Allotment**

In all the above cases, to the extent of where the projects are falling on Government lands, to facilitate faster execution of projects, the district collector shall handover advance possession of land including pathways to TNREDCL and the land shall be allotted in the joint name of TNREDCL and the Developer. The concerned district collector after taking into account all the necessary undertakings of land proposal shall permit the developer to start the construction. TNREDCL shall withdraw its rights from the land once the project gets commissioned. In case of forest areas, the developers shall submit the application through the Nodal Agency to the forest department, to consider for allotment as per the guidelines/regulations laid down by the forest department from time to time.

For government lands, developer has to pay 10% of the market value of land

and this would be reviewed on a yearly basis.

Competitive bidding will be the preferred option in cases of wind solar hybrid projects depending upon WRA and solar radiation studies done by TNREDCL/Govt agencies and areas notified by MNRE. Sanctioning/ capacity allotment fees, PBG would be applicable as levied from TNREDCL from time to time.

## **9. TIMELINES FOR PROJECT MONITORING**

The Eligible Developers should enter into a project agreement along with the applicable fees and bank guarantees with the Nodal Agency within two (2) months from the date of sanction of the capacity allotment.

In case of wind power projects allotted in revenue lands, the project shall be commissioned within 18 months from the date of possession of revenue lands and/ or issue of power evacuation clearance, whichever is later.

In case of wind power projects allotted in private lands, the projects shall be commissioned within 18 months from the date of issue of power evacuation clearance.

In case of revenue and private lands if there is no development at the site, even after 2 years period from the date of sanction of capacity allotment, the Nodal Agency would be at liberty to cancel the capacity allocation. The Nodal Agency would be at liberty to invite bids for setting up wind power projects or allot capacities through any other transparent mechanism in such sites, where there is no development within prescribed period. In such cases the Government may resume the lands so allotted or acquire the land purchased by the developers at the same price at which the sale deeds were registered and offer the lands to other developers by inviting bids.

## **10. SALE OF POWER**

Telangana Discoms would procure power from WPPs at the tariff determined by TSERC or through competitive bidding based on guidelines for competitive bidding in wind sector whenever notified by MNRE

## **11. WIND POLICY CELL**

A dedicated Wind Policy Cell (WPC) shall be set up by TNREDCL under this policy for single window clearance of the wind power projects (WPP). The responsibilities include the following

- a. All clearances and approvals pertaining to DISCOMS and TSTRANSCO
- b. Obtaining power evacuation approval and/ or Open Access

Other clearances and approvals such as panchayat/ municipality clearances, agricultural land conversion.

## **12. PROJECT MONITORING COMMITTEE**

A “High Level Committee” constituted with the following members will monitor the progress of implementation of the Wind Power projects cleared under the policy:

1. Secretary, Energy Department
2. Chairman and Managing Director, TSTRANSCO
3. CMD of TSSPDCL
4. CMD of TSNPDCL
5. VC& MD, TNREDCL / Director(Commercial)TSSPDCL ( Member-Convener)
6. Representative of FAPTCCI/CII/FICCI (maximum of two members on rotating basis)
7. Representatives of Wind Power Developers (2 members)

## **13. REVIEW**

State Govt. reserves the right to review as and when need arises in view of any technological breakthrough or to remove any inconsistency with Electricity Act 2003, as amended from time to time, rules and regulations made thereunder or any related policy of Govt. of India.

#### **14. SAVING CLAUSE**

State government has the discretion and reserves its right to make changes in the policy. However, the incentives and exemptions provided under the policy for the projects commissioned before effecting of the change shall remain as it is, for the operative period of the policy.

#### **15. POWER TO REMOVE DIFFICULTIES**

If any difficulty arises in giving effect to this policy, Energy Department 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 represented for change in any provision.

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