

**Government of Gujarat  
Energy and Petrochemicals Department  
G.R No. IPP-102008-3258-K  
Sachivalaya, Gandhinagar.  
Dated the 2nd January, 2009**

**1. PREAMBLE**

- 1.1. Power is a key contributor to the development of state's socio-economic infrastructure. After the success of Jyotigram Yojana, the State has witnessed a transformation in the way of life in rural areas with availability of 24 hrs power supply. Similarly, one of the primary drivers for the state's rapid industrial, commercial growth and resultant employment generation is reliable, quality power supply.
- 1.2. The State of Gujarat aims at a SGDP growth rate of 11.2 % during the XIth Five Year Plan. Also, it is planned to double the power generation capacity in the state during the same period in order to keep pace with the energy demand expected to grow at 10% every year. The consumption of electrical energy is a universal indicator of economic progress and well being of the people of any State. The per capita electricity consumption in Gujarat is almost twice the national average and is likely to increase further in the coming years.
- 1.3. The capacity addition to meet the growing energy requirement is expected to be in both public sector as well as private sector. The Government of Gujarat has been providing an enabling environment for private investment in power generation. At present, the share of private sector in total installed generation capacity is almost 25 %. Also, the State Government supports greater competition in the sector through open access, Intra-state ABT etc. At the same time, it is important to ensure competitiveness of the power sector in the state, by adoption of latest technologies & best practices.
- 1.4. The State is endowed with lignite, oil & gas reserves and renewable power potential (solar, wind, tidal, geothermal etc.). Also, it is blessed with a long coastline that has led to setting up of imported coal based projects including UMPP at Mundra. Therefore, state is poised to emerge as the 'Energy Hub' for the entire nation.
- 1.5. The State is committed towards promotion of cleaner fuels & efficient technologies in power generation. This policy aims at providing an enabling framework for encouraging private participation and promoting efficient, environment-friendly technologies in power generation.

**2. AIMS & OBJECTIVES**

- 2.1. To develop the state of Gujarat as a power generation hub
- 2.2. To have adequate availability of power in the state for agriculture, households, industry etc.

- 2.3. To ensure effective and efficient utilization of conventional fuels by the power generation industry
- 2.4. To build power generation capacity to encourage competition for procurement of electricity by state utility/distribution licenses
- 2.5. To encourage environment friendly and efficient power generation technologies

### **3. APPLICABILITY**

The mandates of the policy are applicable to the following types of projects:

- 3.1. Independent Thermal Power Projects established by a private developer with an installed capacity of more than 200 MW at a single location. The plant may be based on Gas /Imported Coal/Coal/Washed Coal/Lignite etc. Only those projects, for which PPAs have not been signed on the date of issuance of this GR, shall be covered under this policy.
- 3.2. A power plant of any capacity based on conventional fuel but utilizing Integrated coal/lignite Gasification Combined Cycle (IGCC) technology or Carbon Sequestration technology or Super Critical CFBC technology.
- 3.3. Any Captive power or Cogeneration plant of capacity greater than 60/100 MW having Combined Cycle Generation or PC with FGD or CFBC or IGCC technology.
- 3.4. To avail the benefits of this policy, the developer is required to sell power to state utilities/distribution licenses as per clause no. 9 and 10 of this policy.
- 3.5. This policy is applicable to power projects located in the State of Gujarat only, unless specifically provided in the relevant clause.

### **4. STATE GOVERNMENT FACILITATION**

The State Government shall facilitate & assist the project developers in the following project activities:

- 4.1. Identification of suitable location for the project
- 4.2. Creation/Upgradation of connecting infrastructure to the project site i.e. roads etc.
- 4.3. Arranging Right of Way
- 4.4. Obtaining Fuel linkage
- 4.5. Obtaining Port linkage
- 4.6. Arranging Water supply
- 4.7. Obtaining clearances & approvals which are in the purview of the State
- 4.8. Recommending the project (subject to qualification) to avail benefits under any policy declared or to be declared by Government of India

However, the project developer should qualify under the relevant acts/rules/regulations and should meet all requirements applicable for obtaining the clearance/permission from any State agency.

## **5. LAND ACQUISITION**

- 5.1. The project developer shall be responsible for acquisition of land for the project.
- 5.2. The Government land, wherever required for the project, may be made available at the rate decided by appropriate authority and subject to such conditions, as may be prescribed by the appropriate authority.

## **6. FUEL SOURCING**

- 6.1. The responsibility of sourcing and transportation of fuel to the project site shall lie with the developer.
- 6.2. In the case of mine allocation by the Government of India where State recommendation is desired, the State may recommend such allocation of mines to the power project covered under this policy.
- 6.3. In the case of fuel linkage by Government of India where State recommendation is desired, State may recommend such fuel linkage to the power project covered under this policy.
- 6.4. The projects that are selected via competitive bidding route, by state utilities/distribution licensee, would be given priority for recommendation on allocation/allotment of fuel mines.

## **7. POWER EVACUATION**

- 7.1. The State Government, through the State transmission utility or other assignees, will facilitate the clearances and approvals for connecting the power plant to the grid sub-station. However, the responsibility for obtaining these clearances and approvals would lie with the developer.
- 7.2. The developer would need to bear the following costs of transmission:
  - 7.2.1. Cost of the dedicated transmission line, if required, from the generating plant to the designated grid sub-station of the State utility or inter-state grid substation
  - 7.2.2. Cost of interfacing at both ends including work at the grid Sub-Station, cost of bay, tie-line, if any
  - 7.2.3. Cost of replacement/ Upgradation/ Augmentation of existing equipment/transmission system(s), if any

## **8. INDUSTRIAL INVESTMENT POLICY OF GUJARAT**

- 8.1. Any benefit declared under Industrial Investment Policy of Gujarat can be availed by the project covered under this policy, subject to qualification.

## **9. OPTION FOR POWER PURCHASE BY NOMINATED AGENCY : FIRST RIGHT OF REFUSAL**

- 9.1. When developer has arranged its own fuel, without recommendation of Government of Gujarat, State Government through its nominated agency shall have right and not obligation to purchase power from the power project, upto 10 % of installed capacity at variable cost to be worked out as per appropriate Regulatory Commission's norms in this regard.
- 9.2. When developer has arranged its fuel, on recommendation of Government of Gujarat, either in the form of fuel allocation/linkage or in the form of mining block, the State Government through its nominated agency shall have first right and not obligation to purchase power from the power project, upto 20 % of installed capacity at variable cost to be worked out as per appropriate Regulatory Commission's norms in this regard.
- 9.3. Where fuel is supplied from the coal mines/ block allocated to PSU of GoG or Joint Venture of Government of Gujarat PSU's and Project Developer, the Project developer shall offer 20% of installed capacity at variable cost worked out as per appropriate Regulatory Commission's norms in this regard and 50% of installed capacity through Competitive bidding process to the nominated agency of Government of Gujarat. The nominated agency shall have first right and not obligation to purchase power. (This provision will be applicable for projects situated outside the state also. However, if project developer has to give a certain percentage of capacity to home state as per that state's policy, the above provision will be applicable on the balance installed capacity only.)
- 9.4. The tariff quoted by Project Developer under competitive bidding shall not be more than tariff under cost plus approach as per prevailing CERC Regulations from time to time (Terms and Condition for Tariff determination) for the first year and thereafter applying escalation indices notified by CERC for bid evaluation purpose.
- 9.5. The provisions under this clause shall also be applicable for power projects set up in the Special Economic Zone (SEZ) area.

## **10. SALE OF SURPLUS POWER BY SEZ**

- 10.1. The nominated agency of Government of Gujarat shall have first right and not obligation for purchase of surplus power of SEZ. This provision shall be applicable to power station located in SEZ area having installed capacity upto 1000 MW and in case the installed capacity is more than 1000 MW then also this provision shall apply up to 1000 MW capacity only.
- 10.2. Where surplus power is available for shorter duration of one year or lesser period, the nominated agency of GoG may purchase such surplus power on short term basis at the mutually negotiated price which will in no case be more than tariff worked out as per appropriate Regulatory Commission's norms which are otherwise applicable for cost plus approach based agreements.

- 10.3. Where surplus power is available for longer duration of more than one year, nominated agency shall have first right and not obligation to purchase power through Competitive bidding process. The tariff quoted by SEZ under competitive bidding shall not be more than tariff under cost plus approach as per prevailing CIRC Regulation from time to time (Terms and Condition for Tariff determination) for the first year and thereafter applying escalation indices notified by CERC for bid evaluation purpose.

## **11. INVOCATION OF OPTION/FIRST RIGHT OF REFUSAL**

- 11.1. The Government of Gujarat shall furnish the details of such power projects to the distribution licensee/ nominated utility.
- 11.2. The nominated utility/ distribution licensee, at their discretion, will purchase such capacity, after completing necessary procedure.
- 11.3. The process of such purchase under Clause 9.1, 9.2, 10.2 will be completed by the utility within 60 days, from the date of commissioning of project, incase of first year and thereafter, from 1<sup>st</sup> April of each year, incase of short-term power purchase.

In case, Distribution licensee/ nominated utility fails to purchase such capacity invoked under option of purchase / First Right of Refusal within 90 days, developer will be free to sell such capacity anywhere for that year.

- 11.4. The purchase under Clause 9.3, 10.3 will be made by the utility according to the prescribed process for competitive bidding.

## **12. IMPLEMENTATION METHODOLOGY**

- 12.1. A developer intending to setup an independent/captive power plant(s) under this policy shall be required to enter into a MoU with the Energy & Petrochemicals Department (EPD), Government of Gujarat or its nominee.
- 12.2. The developer shall be required to submit the Detailed Project Report (DPR) within two months. This DPR should contain the details of generation technology, fuel, water & land utilization, environment pollution control technology, etc.
- 12.3. In case of failure of the developer to achieve financial closure or commencement of construction or commissioning of the plant as mentioned in the MoU, the GoG shall have right to withdraw/cancel/forfeit all the benefits availed under this policy.
- 12.4. A Special Taskforce headed by Principal Secretary, EPD or designated institution will regularly monitor the implementation of the project.

## **13. GENERAL PROVISIONS**

- 13.1. In case there is a separate policy on any specific power generation technology or fuel source that is prevalent at present or is declared in future, then that policy would be applicable to those specific cases. In all other cases, this particular power generation policy shall be applicable.

This Policy shall come into effect from the date of issuance of this G.R. and shall remain in force until further orders.

This issues with the concurrence of the Finance Department vide their note dated 24.12.2008 on this Department file of even number.

By order and in the name of the Governor of Gujarat.



(Smt. Avantika Singh Aulakh)  
Deputy Secretary to the Government of Gujarat  
Energy and Petrochemicals Department

**Copy to:**

- \*The Principal Secretary to H.E The. Governor of Gujarat, Raj Bhavan, Gandhinagar.
- The Secretary, Ministry of Power, Gol, Shram Shakti Bhavan, New Delhi
- The Principal Secretary to the Hon. C.M. Sachivalaya, Gandhinagar
- The P.S. To Hon. MOS (E&P), Sachivalaya, Gandhinagar
- The Chairman, Central Electricity Regulatory Commission, New Delhi.
- The Chairman, Central Electricity Authority, New Delhi
- The Deputy Secretary to the Chief Secretary, Sachivalaya, Gandhinagar
- The Secretary, GERC Ashram Road, Nehrubridge, Ahmedabad
- \*The Registrar, Gujarat High Court, Ahmedabad
- \*The Secretary, Vigilance Commission, Gandhinagar
- The Principal Secretary, Finance Department, Sachivalaya, Gandhinagar
- The Resident Commissioner, Gujarat State, New Delhi
- \*The Secretary, Gujarat Legislature Secretariate, Sachivalaya, Gandhinagar
- All Departments of Secretariat, Sachivalaya Gandhinagar
- All Branches of Energy & Petrochemicals Department
- The Chairman, Power Finance Corporation Limited, New Delhi
- The Chairman & Managing Director Gujarat Power Corporation Ltd., Gandhinagar
- The Chairman, Gujarat Urja Vikas Nigam Limited, Vadodara
- The Chairman & Managing Director, Pashchim Gujarat Vij Company Limited, Rajkot
- The Managing Director, Gujarat State Electricity Corporation Limited, Vadodara
- The Managing Director, Gujarat State Generation Ltd., Gandhinagar
- The Managing Director, Uttar Gujarat Vij Company Limited, Mehsana
- The Managing Director, Madhya Gujarat Vij Company Limited, Mehsana
- The Managing Director, Daxin Gujarat Vij Company Limited, Surat
- The Chairman & Managing Director, GMDC Ahmedabad
- The Chief Electrical Inspector & Collector of Electricity Duty, Gandhinagar
- The Chief Executive Officer, Torrent Power Limited, LalDarwaja, Ahmedabad
- The Managing Director, Gujarat Paguthan Energy Corpopration Pvt.. Limited, Ashram Road, Ahmedabad
- The National Thermal Power Corporation Limited, Zapor, Gandhar, Dist. Bharuch
- The National Thermal Power Corporation Limited, Kawas, Hazira, Gandhar, Dist. Surat
- The Select File.
- \* By letter