



(H.P. Govt. Energy Development Agency)
HIMURJA, Urja Bhawan SDA Complex Kasumpti Shimla-171009
PHONE-177-2620365, 2621783, 2625306, 2621623, FAX 177-2622635

Regd

No. HIMURJA/ SHP/Kandha (BPP)/2012 **7839** Dated : **17-08-12**

To

M/s Bhagwati Power Project,
C/o Mohan Singh Negi, Village Mumail,
P.O. Karsog Tehsil Karsog,
Distt. Mandi Himachal Pradesh;- 171304

Sub:- Consent for exclusive time bound right for preparation of Project Report for the Small Hydel Project **Kandha(0.40MW)** in Distt. **Mandi Himachal Pradesh**.

Sir,

I am directed to inform that after considering your application for the self identified project, the State Government has consented to give you the exclusive right for preparation of DPR for subsequent implementation of SHP in H.P. The details of the project for which consent has been granted is as below:-

Sr. No.	Name of the Project	River/ Stream	Distt.	Elevation Range (Diversion site to Tail race)	Estimated Capacity (MW)
1	Kandha	Kau Khad ✓	Mandi ✓	± 1065to ± 1040m ✓	0.40 ✓

1. PFR FINALISATION

The IPP shall submit a comprehensive PFR to Himurja prepared by a reputed consultant within two months of issue of this letter along with the credential of the consultant. The PFR should include measurement & calculations so as to accurately establish the location of the project features, without changing allotted elevations, as well as refining the design discharge leading to a proposed Installed Capacity, which can thereafter be firmed up during DPR preparation stage.

IPP will have to deposit security, processing fee, upfront premium based on the allotted Capacity within two months.

2. CAPACITY ADDITION APPROVAL & CHARGES

Capacity enhancement charges if any in the DPR will be decided as per policy of the State Govt. as applicable from time to time. Prior approval of the Government will be mandatory for enhancement of capacity. The IPP will have to sign Implementation Agreement/Supplementary Implementation Agreement within two months of conveyance of the approval. Following capacity enhancement charges will be applicable.

(a) CAPACITY IS WITHIN 5 MW AFTER ENHANCEMENT.

After enhancement by way of optimization the enhanced capacity remains upto 5MW, the capacity addition charges shall be levied on the increased capacity beyond the allotted capacity as specified in the Letter of Consent/Letter of Ailotment/MOU, as per the following rates.

- | | |
|---------------------------|--------------------|
| i. Upto 0.50 MW | Rs. 1.0 Lac |
| ii. Above 0.50 MW to 1 MW | Rs. 2.0 Lac |
| iii. Above 1 MW | Rs. 5.0 Lac per MW |

(b) CAPACITY EXCEEDING 5MW AFTER ENHANCEMENT.

After enhancement by way of optimization if the installed capacity exceeds 5MW to above 5MW, the Capacity Addition charges shall be levied @Rs.20 Lakh per MW on the capacity increased beyond the allotted capacity as specified in the Letter of Consent/Letter of Allotment/MOU. After shifting category to above 5 MW, the project shall be governed by the policy applicable for above 5MW at the time of approval of capacity enhancement.

2.1 SCHEDULE FOR PAYMENT OF CAPACITY ADDITION CHARGES.

- (a) For projects upto 5MW allotted through Himurja and above 5MW allotted through MoU route initiative upfront premium. The Capacity Addition Charges shall be payable as below.

Sr. No.	Particulars	Amount payable	Time Period
1.	1 st Installment	50%	At the time of signing for respective Agreement for revised capacity.
2.	2 nd Installment	50%	Within one year of signing of revised capacity agreement.

2.2 REDUCTION IN CAPACITY.

In the capacity in MW reduces within 20% of the allotted capacity, in fixed upfront premium if any shall be charged/refunded as per the revised capacity firmed up at the time of TEC, on pro-rata basis whereas the Normal Free Power Royalty & Additional Free Power if applicable, will remain the same as mentioned in the Letter of Allotment/MOU/PIA. No interest on the refund consequent to capacity reduction shall be payable. If the capacity reduction is more than 20% of allotted capacity, the Developer will have the option of surrendering the Project with refund of upfront premium but no interest shall be payable. The Developer may however opt to retain the project with refund of pro-rata upfront premium.

3. SECURITY (REFUNDABLE)

The Security charges (refundable) in the shape of Demand draft is to be furnished in favour of "DIRECTOR HIMURJA" payable at Shimla @ Rs. 50,000/- per MW. EMD @ Rs 50,000/- per MW furnished by you at the time of submission of application has been adjusted against the security charges. If the requisite documents such as PFR, Upfront premium and post allotment processing fee etc. as prescribed in the consent letter are not deposited in time, the project shall be cancelled and this amount will be forfeited. This amount will also be used as performance guarantee for different milestones and adjusted against extension charges that may have become due and were not paid in case of cancellation of project at any stage.

The above security shall be refundable to IPP after signing of IA.

4. PROCESSING FEE (NON-REFUNDABLE)

Furnishing of the Processing Fee (non-refundable) in shape of Demand Draft in favour of "Director, HIMURJA" payable at Shimla. The processing fee for Himachali, Cooperative society/Company comprising of the bonafide Himachalis shall be Rs. 25,000/- upto 2 MW and beyond 2.00 MW upto 5 MW @ Rs.25,000/- + Rs.10,000/- per MW (for the capacity exceeding 2 MW). For others i.e. Non- Himachalis the processing fee shall be Rs. 2.00 lac per Project.

If an IPP enhances the capacity of already allotted Project after Techno Economic Clearance/ signing of IA then the IPP shall be required to furnish the processing fee afresh at the rate specified above.

bon.



5. (a) **UP-FRONT PREMIUM (NON REFUNDABLE)**

Upfront premium (Non-refundable) shall have to be furnished in shape of Demand Draft in favour of Director Himurja, payable at Shimla.

Up-front premium shall be charged in two stages-

- i) @ Rs.45000/- per MW at the time of allotment of the project i.e within two months from the date of this consent letter and
- ii) Balance upfront premium @ Rs. 45000/- per MW at the time of signing of the IA.

Whereas for projects upto 2 MW upfront premium is exempted.

6. The IPP or his agents shall carry out the requisite detailed investigations and techno-economic studies of the Project and shall submit a Detailed Project Report to HIMURJA within a period of 24 months from the date of issue of this consent letter.
7. The IPP shall submit monthly discharge data and quarterly overall progress reports to Himurja on the Proforma attached at Annexure- 'A' & 'B'.
8. Following milestones shall be binding on the IPP:-

Sr. No.	Milestones	Time Period
1	Feasibility Report	Within one year from the date of Consent letter before preparation of DPR Feasibility Report (FR) shall be based on actual Survey & Investigation Containing site detail, hydrological data, location of project components, power studies for capacity determination , Land requirements, Layout plan, single line diagram, E & M equipment specifications and cost analysis etc.
2	Submission of Detailed Survey & Investigation Report (DSI)	Incorporating monthly discharge data of the stream by including discharges for two lean seasons (November to March) after issue of consent letter. This report shall be submitted to Himurja within 20 months of issue of letter of consent
3	Submission of Detailed Project Report (DPR) as per CEA/ CWC Guidelines & within allotted/approved elevation & stream	Within 24 months from the issue of consent letter. On the request of the IPP extension in time for submission of DPR will only be given upto 12 (twelve) months beyond 24 months after issue of consent letter for valid reasons after charging requisite fee as mentioned in clause 9 of the consent letter . For projects of Pangi Valley, Lauhal & Spiti Distt. & Dodra Kwar sub division of Distt. Shimla allowable time period is 36 months instead of 24 months extendable with extension fee @Rs.10,000/-per MW per month upto 12 months.
4	Obtain Techno-Economic Clearance (TEC) from Government/ Director of Energy.	The Techno-Economic Clearance (TEC) shall be accorded by Directorate of Energy (DoE), on behalf of the Government within six months from the date of receipt of the Detailed project Report. The IPP will obtain Techno Economic Clearances (TEC) from Director of Energy, within six months from the date of submission of DPR. Thereafter six months extension with extension fee @ Rs. 10,000/- per MW per month will be granted. If IPP fails to obtain the TEC within the extended time period, the consent letter shall stand withdrawn and the project shall be reverted back to Himurja.

5	Confirmation of Interconnection Point	Two months after the DPR has been submitted to Himurja/ Director of Energy., the IPP shall apply to the appropriate authority (Distribution/Transmission Licensee) for finalization/confirmation of interconnection point.
6	Signing of IA	Within two month of accordance of TEC or within 30 months after issue of consent letter (excluding extension if any) whichever is earlier. IPP will give request for signing IA and deposit requisite charges for signing of IA.

9. The IPP shall stick to the time schedule for the investigation of the project and submission of the DPR. In the event of the IPP being unable to submit the DPR within 24 months from the date of issuing this consent letter, the IPP can seek extension in time beyond 24 months for submission of DPR for valid reasons. Maximum extension of 12 months shall be granted to the applicant for submission of DPR with extension fee @ Rs. 10,000/- per MW per month. The extension fees shall be submitted to Director, Himurja in shape of D. D payable at Shimla. Request for extension in time period accompanied with extension fee should be given one month before expiry of stipulated period or already extended period.
10. Detailed Project Report submission date shall be reckoned only after it has been found that the report is in conformity with CEA/ CWC guidelines & within allotted/approved elevation & stream. The reports and studies shall be prepared by reputed consultants who have experience of handling the complete task of geological & hydrological investigation, construction, erection, commissioning and operation of hydroelectric projects. Complete details of the consultants and their experience shall be included in the DPR or annexed therein.
11. HIMURJA, on the receipt of Detailed Project Report (DPR), will scrutinize the DPR from the angle of techno- economic viability of the project as well as optimum utilization of the potential. After its scrutiny the HIMURJA will forward the DPR to Director of Energy., for accordance of TEC. During examination of DPR HIMURJA/ Director of Energy., may point out the defects and deficiencies affecting the techno-economic viability. IPP is expected to make good the defects promptly and remove the defects or deficiencies, as pointed out by the HIMURJA/ Director of Energy, within 30 days from the dispatch of the communication. The IPP will obtain Techno Economic Clearances (TEC) from Director of Energy., within six months from the date of submission of DPR. Thereafter six months extension with extension fee @ Rs. 10,000/- per MW per month will be granted. If IPP fails to obtain the TEC within the extended time period, the consent letter shall stand withdrawn and the project shall be reverted back to Himurja.
12. If the performance of this consent or of any obligation of IPP is prevented, restricted or interfered with for any reasons of; fire, explosion, epidemic, cyclone, earthquake, flood, unforeseen natural calamity, war, revolution, requirement of any Government or any sub-division authority or representative of any such Government in respect of the aforesaid conditions, or any other act whatsoever, whether similar or dissimilar to those enumerated, beyond the reasonable control of the party hereto; the party so affected upon giving prompt notice to other party shall be excused from such performance to the extent of such prevention, restriction of interference for the period it persists provided that the party so affected shall make its best efforts to avoid or remove causes of non- performance, if possible, and shall continue performance hereunder with the utmost dispatch whenever such causes are removed. If the force majeure such as war, civil war, insurrection, riots, revolutions, fires, floods, epidemics, quarantine, restrictions, freight embargoes, radioactivity, earthquakes, cloudbursts, landslides and excessive snow persists for continuous period of the consent letter or more, the parties shall meet and decide about the further course of action.

13. In case the IPP does not find the Project to be feasible from techno-economic considerations or from any other aspect, the IPP shall hand over to the HIMURJA all the Project Reports and any other connected documents etc. as may have been collected and/or prepared by the IPP during the course of investigations.
14. The Government after having concluded that the Project is techno-economically viable may enter into an Implementation Agreement with the IPP within two months of accordance of TEC or within 30 months after issue of consent letter (excluding extension if any) whichever is earlier. IPP will give request for signing IA and deposit requisite charges for signing of IA for the execution of project on terms and conditions in accordance with H.P. Hydro Power Policy 2006 read with various amendments in it notified from time to time.
15. The IPP shall set up its office within State of Himachal Pradesh after signing of Implementation Agreement and furnish the proof thereof.
16. This consent shall be restricted within the approved parameters of this consent letter i.e. to **utilize water of Kau Khad Stream in elevation range between EL \pm 1065m to EL \pm 1040m (i.e. Diversion weir to Tail race) on Right Bank**, on which this project is envisaged unless otherwise approved by the H.P. Government. The H.P. Govt. shall be at liberty to cancel the consent, if any violation on this account is discovered at a later stage.
17. The IPP shall have to obtain the following NOCs and clearances from different Departments and furnish the same at the time of submission of the Detailed Project Report or earlier:
 1. NOC from I&PH & Revenue Department- stating that the proposed Projects does not infringe with the drinking and irrigation rights of the local inhabitants and of the ownership of traditional water mills i.e. Gharats.
 2. NOC from the Gram Panchayat through Panchayat Secretary.
 3. NOC from the Fisheries Department.
 4. NOC from HPPWD.
 5. NOC from Wild Life.
18. NOCs from different Departments shall be furnished self attested copies to the HIMURJA. The IPP is required to furnish an affidavit, on Rs. 5/- stamp paper duly notarized, to the effect that all the conditions in the NOCs obtained from the different Departments and Gram Panchayat shall be abided by them, incase an IA is signed with the IPP later on.
19. The receipt of this communication and acceptance of consent conditions aforesaid will be acknowledged within one month and the affidavits, security charges, processing fee and upfront premium within two months from the date of issue of this letter. In case, IPP's confirmation is not received or security, processing fee and other relevant essential documents, not deposited by the due date it shall be presumed that IPP is not interested in taking up the project and consent shall be treated as withdrawn.

20. ROYALTY

In the event of this project being awarded to you for implementation, a separate agreement called Implementation Agreement shall be executed for supplying the royalty on water usages in shape of free power royalty (Energy) as per the following rates or the rates applicable as per policy of the State Govt. at the time of signing of Implementation Agreement.

The Free power royalty liable to be charged for projects with an installed capacity upto 5 MW will be at the rate of 12%, 15% & 24% (12% for first 12 years, 15% for next 18 years & 24% for remaining period of 10 years) or the rates applicable as per policy of the State Government at the time of signing of IA. For captive consumption within the state or sale to HPSEB Ltd. or its successors the concessional royalty rates shall be 6%, 15% and 24% (6% for first 12 years, 15% for next 18 years & 24% for remaining period of 10 years). In case of capacity enhancement beyond 5 MW rates notified by government shall be applicable.

The IPP shall provide an additional 1% (one percent) free power over and above the above existing rates from the hydel project for a Local Area Development Fund (LADF) aimed at providing regular stream of revenue for income generation and welfare schemes, creation of additional infrastructure and common facilities etc. on a sustained and continued basis over the life of the project. This fund would be available in the form of an annuity over the entire life of the project.

ROYALTY RATES APPLICABLE IN CASE CAPACITY ADDITION:

- (a) Additional Free Power @ 3% over and above the normal Free Power Royalty as agreed to in the Consent letter/IA/SIA immediately prior to the capacity enhancement, shall be payable to the Government on the increase in capacity beyond the allotted capacity. However, if any project, where the allotted capacity is upto 5MW and after capacity addition by way of optimization it gets shifted to above 5MW category, 3% additional Free Power shall be levied over & above the rates of Normal Free Power Royalty as per the Policy applicable to Projects above 5MW category at the time of approval of capacity enhancements.
- (b) The quantum of total Annual Energy deliverable on account of 3% Additional Free Power on the increase in capacity, shall be worked out on the basis of Design Energy and this quantum of energy shall be provided by the developer as a uniform additional percentage of the entire energy generation during the year as per illustration shown at ANNEX-I. This Additional percentage will apply to the base Normal Free Power Royalty as applicable.

21. TRANSFER OF PROJECT TO SUBSIDIARY GENERATING COMPANY/DILUTION OF SHARES.

21.1 For Non-Himachalis:- The Government may consider the request of the allottee company for change in name/dilution of shares of original allottee company subject to the condition that the Original allottee shall retain the controlling interest i.e. 51% equity in the new entity upto Six months after actual commissioning of the project and thereafter allowed to freely sell/divest the project. In case of sell of equity shares to Himachalis to the extent of 100% at any stage after allotment. In the event of any contravention, the Government of H.P. shall terminate the IA forthwith at any stage.

21.2 (a) For Himachalis: In case of bonafide Himachalis /Co-operative Societies/Companies/Voluntary Societies/Trust/Partnership concerns/Sole Proprietorship concerns comprising wholly of bonafide Himachalis to whom project upto 2 MW and above 2MW to 5MW capacity is allotted, the Government may consider the request of the promoters to transfer ownership wholly or partially to any other bonafide Himachalis / Co-operative Societies/Companies/Voluntary Societies/Trust/Partnership concerns/Sole Proprietorship concerns comprising wholly of bonafide Himachalis, at any stage after allotment.

21.2 (b) Incase of bonafide Himachalis to whom Projects upto 2.00MW capacity is allotted, Change in name/dilution of shares by Himachali allottee to non-Himachalis shall be allowed to the extent of 26% at any stage and full disinvestment after six months of actual commissioning of project.

21.2 (c) In case of bonafide Himachalis to whom Projects above 2.00 MW and upto 5.00 MW capacity is allotted, Change in name/dilution of shares by Himachali allottee to non-Himachalis shall be allowed to the extent of 49% at any stage subject to the condition that original allottee shall retain the controlling interest i.e. 51% equity in the new entity upto six months of actual commissioning of project.

22. The IPP may use or sell the energy in the following manner :-

- (a) Sale to the HPSEB Ltd., for which the IPP and HPSEB Ltd. Shall enter into a mutual agreement.
- (b) Make captive use outside the State or make third party sale for which the IPP shall enter into suitable agreement for transmission of power with concerned entities.

23. For projects upto 5 MW, HPSEB Ltd., or its successor entity shall buy the power at the tariff notified from time to time by Himachal Pradesh Electricity Regulatory Commission.

24. Alongwith the acceptance letter of the consent, the following shall also be furnished by the IPP: "An affidavit on a stamp paper of Rs.5/-only (duly notarized) to the effect that not more than three projects (including this project) are under execution with the IPP in the State".

25. Other conditions of Hydro Power Policy 2006 read with amendments to the same notified from time to time shall be applicable to the developer/IPP which shall also be mentioned as, "that the Hydro Power Policy, 2006 alongwith amendments from time to time shall be abided by him during the currency of the project", in the affidavit to be submitted under point no. 24 above as second point.

26. HIMURJA/ H.P. Government shall provide necessary assistance in obtaining clearances at State level.

27. This consent letter is being issued in lieu of MOU and no separate MOU shall be signed by the government.

28. This consent letter is being issued under the orders and authorization of Deptt. of Non-Conventional Energy Sources, Govt. of Himachal Pradesh.

29. Upfront premium, security charges and processing fee are to be deposited within two months from the date of consent letter failing which the project is liable to be cancelled.

30. In case at any stage it is found that this small hydro Electric Project is prejudice to overall optimum development of the river, the government reserves the right to cancel the allotment of the project without any liability/limitations.

31. The DPR of the project is to be completed within the specified time i.e. 24 months (excluding extension of 12months) failing which project shall stand cancelled.

32. The State Government and the local right holders shall have the right over use of water for irrigation and drinking water supply.

33. The Govt. reserves the right to modify, delete or add any of the conditions, criteria, at its own discretion and shall be at liberty to withdraw the consent if at a later stage it is found that some information has been suppressed or false information has been supplied by IPP about the project.

Note:


- (1) The DPR shall clearly bring out the percentage potential utilization of the site and it would be preferable if the DPR demonstrates that the proposal shall lead to more than 75 % of the potential utilization of the site in a 75% dependable year.

- (2) Capacity firmed up in the DPR shall be treated as final subject to approval from Government in case of enhancement for according TEC and signing of IA.

In case of default of any of the time frame and/or conditions of this consent letter, the Government shall be at liberty to withdraw the consent and forfeit the security and the project can thereafter be granted to other suitable party.

Himurja and H.P. government welcome you to the fraternity of independent power producers engaged in the infrastructural development of the State and reiterates its commitment to facilitate entrepreneurs in the State for over all growth and development, and wish your project all the success.

Yours faithfully,


Director,
HIMURJA, Urja Bhawan,
Kasumpti, Shimla-171009.

Dated: -


Endst. No.: - A/A

1. Copy is forwarded to the following for information and necessary action:-

- i) Additional Chief Secretary /Principal Secretary/Secretary (Forests/Revenue/I&PH/PWD/ Environment & S.T./ RD & Panchayati Raj / Fisheries) to the Govt. of H.P., Shimla-2.
- ii) Principal CCF (Wild Life), Himachal Pradesh.

All the Departments are requested to render necessary assistance to the IPP to prove or otherwise the feasibility and desirability of the project and formulation of the DPR. This consent be treated as Government permission to the IPP for investigating the project and obtaining various clearances for submission of DPR and possible setting up of the Small Hydro Power Project as described in the letter above.

2. Additional Chief Secretary (NES), to the Govt. of H.P. w.r t. letter No. NES-F(2)-14/2012 dated 4.8.2012 for information.
3. The Director (SHP) MNRE Block No.-14 CGO Complex, Lodhi Road, New Delhi-110003 for information please.
4. Director, Directorate of Energy, Shanti Bhawan, Phase-III, Sector-6, Shimla-171009 for information please.
5. M.D. HPTCL Barowalia House, Kahalini Shimla -171002 for information.
6. Deputy Commissioner, Distt. **Mandi, H.P.**
7. The Chief Engineer (Project -cum-Arbitration), CE(SP), CE (Commercial), HPSEB Ltd. Vidyut Bhawan, Shimla 171004 for information and necessary action.
8. The Project Officer Himurja, Distt. **Mandi H.P.** for information and necessary action.


Director,
HIMURJA, Urja Bhawan,
Kasumpti, Shimla-171009.