

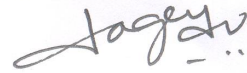
Justification for the Diversion/Lease period

This is to submit that being an IPP construction company we have to complete the proposed GOMUKHI HYDRO POWER PROJECT and we can Generate power from the project for a period of 30 years as per the Policy Guidelines for Development of Small Hydro Power Projects (upto 25 MW) capacity issued by Govt. of India.

Further after completion of 30 years the project can be renewed another 30 years or lesser period equal to the remaining useful life of the project as per the Policy Guidelines of SHP (Small Hydro Power Projects upto 25 MW capacity) in Uttar Pradesh for ready reference issued by Ministry of New and Renewable Energy Guidelines, Govt. of India.

In view of the above we request you to divert the proposed 4.88 Ha forest land for 30 years.

For M/s Mohanarupa Power Projects Pvt Ltd,



Authorized signatory

Encls: Policy Guidelines of SHP in Uttar Pradesh for ready reference.

POLICY GUIDELINES FOR DEVELOPMENT OF SMALLHYDRO

POWER PROJECTS UPTO 25MW CAPACITY IN U.P. PREAMBLE:

Electricity is the basic infrastructure for the overall economic development of the state. U.P. is one of the biggest state in the country in terms of its population. The per capita consumption of electricity in U.P. (188 KWH.) is significantly low in comparison to all India per capita consumption (368KWH.) The requirement of power in U.P. has been growing. Ironically the power availability in the state has not grown proportionately to match the power demand. As a result there exists a huge gap between the power availability and demand in U.P. In today's power scenario, the position becomes more gloomy during the morning and evening peak hours when heavy roistering and power cuts are required to be imposed throughout the state for the safety of the grid operations.

After the creation of Uttranchal State. U.P. is left with the limited scope of development of Hydro Electric Power due to its topography. However, the state of U.P. is endowed with rich water resources in the form of major rivers as well as extensive irrigation canal network, and it thus becomes imperative to harness available Hydro Power potential to the maximum extent possible.

The state has an estimated over all identified hydro power potential of 568MW out of which 167MW capacity comprises to small hydro power sector up to 25MW capacity which have so far been identified at 60 locations in U.P. The identification of SHP sites is in progress and more sites are expected to be identified in future by the nodal agencies NEDA/UPJVNL as well as private developers and also by any company designated by U.P. Govt.

POLICY OBJECTIVES :

U.P. has considerable potential in small hydro power sector which is yet to be harnessed. With a view to maximize the utilization of small hydro power potential, a policy has been formulated to achieve following broad objectives :-

- To enhance the power availability in the state grid through the contribution of pollution free renewable energy for socio economic development.
- To supplement minimum rural energy needs through sustainable small hydro power schemes.
- To provide power for industrial development in areas contiguous to small hydro power sites.

- To create conditions conducive for proactive involvement of private investor in development of small hydro power to create direct and indirect employment opportunities for the youth in state.
- To frame guidelines for allotment of new SHP sites to be set-up in Private Sector and to enumerate various incentives and procedural facilities to attract, encourage and facilitate private sector participation in this area.

MAJOR INCENTIVES:

(A) ANNOUNCED BY GOI:

For the promotion of development of small Hydro Power (Up to 25 MW), various incentives/financial assistances are announced from time to time by Ministry of Non-Conventional Energy Sources, GOI which may be availed of by the developer.

(B) ANNOUNCED BY GOUP:

- (i) Private, sector participation in development of small hydro power sector in U.P. shall be promoted whole heartedly by the state and all necessary facilities in setting up as sector shall be provided by the government.
- (ii) The necessary land for setting up the small hydro power projects with sub station shall be acquired by the state government and transferred to the respective private sector at the acquisition cost. No acquisition fee as well stamp duty for registration of land shall be charged by the Govt.
- (iii) The Govt, land if required shall be made available to private invest or for setting up the small hydro power project, for period of 30 years on lease at fixed rate Rs. 100 per acre, which can be further renewed up to 30 years or lesser period equal to the remaining useful life of the project subject to the approval of both the parties which will be based on quality of operation and maintenance of the power station by the developed as per conditions of agreement as well as residual life assessment of the plant and machinery.
- (iv) The private developer shall not be required to obtain Government permission for the right of way for construction of transmission line and associated works linking with small hydro power plant with state grid sub station. However, he shall be required to intimate the owners of private land in advance and adequate compensation as admissible under rules for use of such private land for construction of over head lines shall be payable by him. In case of laying under ground cables in the private lands, no compensation shall be required to be paid to the private owner provided the land is filled with earth and properly levelled.

Further in the case the land belongs to state Govt, or local bodies, no payment shall be required for the right of way purpose for construction of over head lines or under ground cables.

- (v) Power generation from such small hydro power project shall be exempted from electricity duty.

TAXES AND DUTIES :

The developer will pay all taxes & duties or any other levies to Central or State Govt, as per statutory rules in force from time to time.

PRIVATE SECTOR PARTICIPATION:

To promote and facilitate Private sector participation in setting up small hydro power projects in line with the provisions of energy policy 2003 of U.P. Govt. Identified small hydro power projects shall be advertised in order to seek bids from private entrepreneurs desirous to set up such projects. Bidders shall be assessed for pre qualification based on pre determined attributes and only qualified bidders shall be considered for allotment of **SHP** sites. However setting up of new **SHP** projects in private sector shall abide by the provisions of Indian electricity act. 2003 and shall also be fully consistent with the provisions and requirement of U.P. Electricity regulatory commission.

ALLOTMENT OF PROJECT:

Complete transparency in allotment of SHP projects in private sector shall be ensured for evaluation of bidders. The project shall be advertised widely to seek bids from private entrepreneurs desirous for setting up SHP in the state of U.P. A comprehensive tender document shall be designed for inviting tariff based bids listing out technical and financial parameters for potential eligible bidders.

- All bidders will be subject to pre qualification criteria mentioned in the document.
- All pre qualified bidders will be provided PFR in regard to different project in which cases such reports are available.
- Interested private entrepreneurs may bid for more than one potential sites with the condition of submission of separate bid for each site.
- The electricity generated from such SHP shall be sold to UPPCL/state **DISCOMs**/third party to be used within the state.
- Government shall not reimburse any expenses incurred by private developer on investigation survey or any preoperative expense what so ever regarding SHP project in question.
- The state Govt, shall constitute a high power committee of experts under the chairmanship of secretary/principal secretary of additional energy/energy department for final allotment of project. For private sector allotment up to 15MW, NEDA will act as Nodal agency and for projects and above 15MW and up to 25MW it will be UPJVNL. Accordingly NEDA or UPJVNL as the case may be, will act as convener of committee who will put up the case before the committee for final allotment. The bidder with lowest levelised tariff for 25 years will be considered for allotment of SHP under the reference.
- A PPA shall be signed between the developer and UPPCL/state **DISCOMs** as per guidelines of UPERC.

- However if any private developer proposes setting up of SHP identified by him, the proposal may be considered provided the developer meets the requirement of pre-qualification and the tariff is acceptable by the UPERC for selling power to UPPCL/state DISCOMs/captive used or otherwise as the decision of high power committee constituted for allotment.
- However, the advertised sites will also be open for captive used proposals. Interested developers may submit their proposals for the same also. In this case if the proposal is found befitting for consideration, incentives declared by GOUP for land and taxes mentioned earlier shall not be made available to the private developers. Decision on such captive use proposals, fulfilling all the pre-qualifying conditions will be taken by same committee. Charges for wheeling and banking as the case may be and any other terms and conditions will be decided with mutual consent between the UPPCL and developer with the approval of UPERC.

ADMINISTRATIVE CHARGES:

For providing administrative support and statutory clearance at various levels and financial as well as technical assistance and motivating private developer, the facilitation service charges @ 0.25% of the project cost shall be payable by the developer to NEDA/UPJUNL.

CLEARANCE BY THE IRRIGATION DEPARTMENT U.P. :

- Irrigation deptt. shall provide no objection certificate to the private developer for setting up of SHP proposed after the allotment has been made and within 60 days from the date of application by private developer.
- Irrigation deptt. shall provide all assistance in the development of SHP as and when required within stipulated time frame work.

OPERATIONAL ISSUES:

- After allotment the private developer shall sign a MOU with the nodal agencies NEDA/UPJVNL as the case may be, for effective implementation of SHP project allotted to him.
- If the applicant does not take effective steps to implement the project within six months from the date of allotment of project, the allotment of project could be cancelled and the same may be considered for re allotment to any other developers or Govt, agencies for implementation.
- The nodal agencies will assist the developer in obtaining statutory/necessary approvals required to build and operate the small hydro power project.
- The entire cost of small hydro project including civil works, E&M works shall be born by private developer. Since the developer is required to sell power to UPPCL/state DISCOMs, 50% of the cost of transmission system shall be borne by the developer and balanced 50% by the UPPCL/state DISCOMs.
- Private developers shall be responsible for laying lines for connectivity to the nearest grid substation at the appropriate voltage which may normally be 132KV or 33KV depending on the capacity of generating station and its distance up to grid sub- station and also voltage level of nearest grid substation.
- For use of river/canal water, water royalty shall be charged @ 5 paise per unit sold shall be payable by the developer for maintenance and up keeping of canal system by the irrigation deptt. in regard to all small hydro power projects up to 25 MW capacity.