



Ministry of Power, Government of Himachal Pradesh

Small Hydro Electric Projects (SHEP) Section, Shimla-171005

No. HMR/RA/SHEP/SH/44 (309) 2015-7828 Dated 10/8/2015

To: M/s Friends Him Energies Partnership-1,
Near Happy School, Jail Road, Tehsil & Distt
Gurdaspur-143521

Subject: Consent for exclusive time bound right for preparation of Project Report for the Small Hydro Project SH/44 (4.00 MW) in Chamba District, Himachal Pradesh.

Dear 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 SHEP 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	SH/44	Shul	Chamba	± 1815 to 1740 m.	4.00

1. FR FINALISATION

The IPP shall submit a comprehensive Feasibility Report (FR) to Himurja prepared by a reputed consultant within six months of issuance of this letter along with the credential of the consultant. 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. Extension of three (3) months subject to deposition of extension fee @ Rs 10,000/- per MW per month is allowable. If the IPP fails to submit Feasibility Report within extended period project is liable to be cancelled.

2. IPP shall have to deposit security, processing fee, upfront premium based on the allotted capacity within two months from the date of issuance of this consent.

2.1. 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. 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. (EMD deposited at the time of apply will be adjusted against Security)

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

[Signature]

2.2 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 Technical Concurrence/ signing of IA, then the IPP shall be required to furnish the processing fee afresh at the rate specified above.

2.3 (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.

2.3 (b) If after enhancement of capacity the capacity of the project remains upto 5 MW the IPP shall have to pay upfront premium @ Rs 90,000/- per MW on whole capacity.

3. The IPP 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 in consideration to Hydro Power Policy 2006 and its subsequent amendments from time to time.
4. The IPP shall submit monthly discharge data and quarterly overall progress reports to Himurja on the Proforma attached at Annexure- 'A' & 'B'.
5. Following milestones shall be binding on the IPP:-

Sr. No.	Milestones	Time Period
1	Feasibility Report Submission	Within six months 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. Extension of three months with extension fee @ Rs. 10,000/- per MW per month. Consequences- Cancellation of project.
2	Feasibility Report Approval	Himurja will approve the Feasibility Report within two months from its submission or within 11 months (including extension obtained for submission of feasibility report if any) from the issue of consent letter.

3	Acquisition of Revenue record.	IPP has to obtain all the necessary revenue record required for implementation of project within Nine (9) months from the date of issuance of Consent Letter or within 12 months (including extension obtained for submission of feasibility report, if any) from the date of issuance of Consent Letter.
4	Submission of applications for all clearances/approval/consent to different departments	IPP has to submit applications for all the clearances/approval/consent applied within Eleven (11) months from the date of issuance of Consent Letter or within 14 months (including extension obtained for submission of feasibility report if any) from the date of issuance of Consent Letter.
5	Obtaining of all clearances/approval/consent	IPP has to obtain all the clearances/approval/consent within Twenty Four (24) months (including extension obtained for submission of feasibility report if any) from the date of Consent Letter.
6	Submission of Detailed Project Report (DPR) as per CEA/ CWC Guidelines & within allotted/approved parameters with all clearances	Within 24 months from the date of issuance of Consent Letter or within 27 months including three (3) months extension for submission of FR, if three (3) months extension not availed at the time of FR, extension of three (3) months can be availed for submission of DPR for valid reasons by levying extension fee @ Rs 1000/- per MW for first month doubling in successive months, i.e. 1 st month Rs 1,000/-, 2 nd month Rs. 2000/-, 3 rd month 4000/-,
7	Grant of Technical Concurrence, preparation & submission of documents for signing of Implementation Agreement.	Technical Concurrence shall be accorded by Directorate of Energy (DoE), on behalf of the Government within 45 days from the date of receipt of the Detailed Project Report or within 28 months and 15 days (including extension obtained for submission of feasibility report, if any) from the date of issuance of Consent Letter and also complete all formalities for signing of IA.
8	Confirmation of Interconnection Point	Two months after the approval of FR, the IPP shall apply to the appropriate authority (Distribution/Transmission Licensee) for finalization/confirmation of interconnection point.
9	Signing of IA	Within 15 days of accordance of TC or within 29 months from the issuance of Consent Letter (including extension obtained for submission of FR/DPR, if any) whichever is earlier.
10	Achieving Financial closure including PPA if required and work started Concurrent action; Any balance clearances, consent/approval to be obtained.	IPP has to achieve the financial closure including PPA if required and obtain balance clearance/consent/approval, if any and start work on site within six (6) months after signing of IA or within 35 months (including, extension obtained for submission of feasibility report and DPR, if any) from the date of issuance of Consent Letter.

11	Project Commissioning	<p>Project must be commissioned within 24 months from the date of start of work. However, six (6) months extension in this period is allowable for valid reasons subject to deposition of extension fee or within 65 months (including extension obtained for submission of feasibility report/DPR submission/extension in construction period, if any) from the issue the date of issuance of Consent Letter.</p> <p>Extension charges applicable @ Rs 1000/- per MW for first month doubling in successive months, subject to maximum of Rs 10,000/- i.e. 1st month Rs 1,000/-, 2nd month Rs. 2000, 3rd month 4000/-, 5th month Rs. 10,000/- This part of charges will be payable upfront or with interest at project borrowing rates, after commissioning..</p>
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6. The IPP shall stick to the time schedule for the investigation of the project and submission of the FR and DPR. In the event of the IPP being unable to submit the FR and DPR within the stipulated period as mentioned in clause 1,3 & 5 in this letter, the IPP can seek extension for the delay for valid reasons within one month alongwith extension fee and maximum extension shall be as mentioned in clause No -5 of this letter. Extension fee for extension in time period for submission of DPR shall be @ -Rs 1000/- per MW for first month doubling in successive months, subject to maximum of Rs 10,000/- i.e. 1st month Rs 1000/-, 2nd month Rs. 2000, 3rd month 4000/-, 5th month Rs. 10,000/- and for FR extension fees shall be @ Rs. 10,000/- per MW per month. Non submission of DPR within the extended period shall result into cancellation of the project.
7. 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.
8. HIMURJA, on receipt of Detailed Project Report (DPR), will scrutinize the DPR from the angle of allotted parameters and related aspects 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 Technical Concurrence. During examination of DPR HIMURJA/ Director of Energy, may point out the defects and deficiencies affecting the Technical Concurrence. 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 Concurrence (TC) from Director of Energy, within 45 days from the date of submission of DPR.
9. If the performance of this consent or 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.

10. 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.
11. The Government after having concluded that the Project is techno-economically viable may enter into an Implementation Agreement with the IPP within 15 days of accordance of TC or within 29 months after issue of consent letter (including 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.
12. The IPP shall set up its office within State of Himachal Pradesh after signing of Implementation Agreement and furnish the proof thereof.
13. (i) This consent shall be restricted within the approved parameters of this consent letter i.e. to utilize water of Siul Nala/stream in elevation range between EL \pm 1815 to 1740 m (i.e. Diversion weir to Tail race) on Left/Right Bank of 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.
(ii) As per laid down guidelines riparian distance of 50mtrs elevation wise or 250m horizontal distance is to be maintained between two projects to allow visible flow of water in the stream/Nalla while carrying out detailed survey, failing which the allotment is liable to be cancelled for violation of the same.
(iii) In case of any conflict about a site, due to other allotment on the same stream/nallah etc. the State Government/Himurja shall have the right to take the decision about the Consent letter and this decision shall be final and binding on the concerned parties.
(iv) If it is discovered at later stage that project components are coming up in Wild Life Sanctuary/National Park the project shall stand canceled without paying any compensation or an alternative site.
14. NOCs of IPH, HPPWD, Revenue, Fisheries and Wild Life are not required with DPR. However, clearances and compliance of norms & conditions of the departments shall be ensured by the developers before and during execution.
(i) The norms and terms and conditions of IPH, PWD and Revenue Department shall be Annexed with the Implementation Agreement and developer shall abide by them.
(ii) No project should be allotted in Wild Life Sanctuaries/Parks/areas. If later on the project comes within the boundaries of Wild Life Sanctuaries/Parks/areas by way of redefining boundaries of Wild Life Sanctuaries/Parks/areas, IPP shall have to surrender the project immediately without any claim.

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- (iii) No NOC of Fisheries Department is required. Only where projects are allotted in the streams where Fisheries department has its conservations and development projects, the developers will comply with all the instructions/directions of Fisheries Department and take into account impact in Feasibility Study, DPR and during project execution.

Charges payable-

- a) No charges for projects upto 2 MW.
 - b) For other only per MW charges at the rate of Rs 50,000/- per MW.
 - c) No additional charges for length of stream so as to avoid inspections.
 - d) Where any development conservation projects of Fisheries Department are impacted separate charges as per Fisheries Department proposal.
- (iv) NOC of Gram Panchayat – Effective consultation shall be done with Gram Panchayats and their objections and suggestions shall be heard and decided by SDM by way of a reasoned speaking order. Aggrieved parties have right to appeal before D.C. and thereafter Principal Secretary (Power).

Single joint committee will clear all aspects of projects for statutory clearances.

15. NOCs from different Departments shall be furnished in shape of, 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.

16. 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.

17. 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.

- a) Small Hydro Electric Projects upto 2 MW allotted after 2006 Hydro Policy, where power is consumed in HP by HPSEBL free power payable to State and Local Area Development Fund shall be 2%, 12% and 18% (2% for first 12 years, 12% for next 18 years & 18% for remaining period of to 10 years).
- b) For Other Projects- 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) for captive use or third party sale outside the state 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 rates existing at 20 (a&b) for 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.

18. The balance energy, after adjustment of free energy, may be used/sold by the Second Party in the following manner :-

- (a) Free energy shall be made available by the Second Party at the interconnection point to the HPSEBL, wherein HPSEBL will buy power from SHPs upto 2.00 MW, if the developer so choose, provided that free power to the State is also as per 2006 Policy and the metering shall be done at this point. For SHPs above 2.00 MW upto 5.00 MW, HPSEBL will formulate an objective, prudent and transparent power purchase policy, keeping in view load centre, evacuation cost, line losses, hydrology etc.

Solid tap connectivity at the nearest or 11 kV or 22 kV line upto 2 MW capacity generation capacity will be allowed, with appropriate protection.

To ease Liquidity, Commission will determine two sets of levelised tariff i.e. one for first 5 to 10 years, which may be higher and 2nd set for balance period

No wheeling/transmission charges shall be payable for free energy from the generating station to the interconnection point.

- (b) Make captive use or negotiate Third Party sale within the State or evacuate power for captive use or sale outside the State. The wheeling or transmission charges in this regard will be set by the HPERC based on petitions by the parties.

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

- 19.1 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. However, equity shares to the extent of 100% can be transferred to Himachali at any stage after allotment. In the event of any contravention, the Government of H.P. shall terminate the Consent Letter forthwith at any stage.

- 19.2 (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.

- 19.2 (b) In case of bonafide Himachalis to whom Projects upto 2.00 MW 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.

- 19.2 (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.
20. 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.
21. Alongwith the acceptance of the consent letter, 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 allottee company/firm and the promoters of the company/firm".
22. 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 applicable to the developer/IPP during the operation of the project". Affidavit to be submitted under point no. 21 above as second point.
23. HIMURJA/ H.P. Government shall provide necessary assistance in obtaining clearances at State level.
24. This consent letter is being issued in lieu of MOU and no separate MOU shall be signed by the government.
25. This consent letter is being issued under the orders and authorization of Deptt. of Non-Conventional Energy Sources, Govt. of Himachal Pradesh.
26. If Upfront premium, security charges and processing fee are not deposited within two months from the date of consent letter the project is liable to be cancelled.
27. 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.
28. The DPR of the project is to be completed within the specified time i.e. 24 months (excluding extension of 3 months) failing which project shall stand cancelled.
29. The State Government and the local right holders shall have the right over use of water for irrigation and drinking water supply.
30. 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.
31. CAPACITY EXCEEDING 5MW AFTER ENHANCEMENT.
If the capacity of the allotted project is enhanced above 5MW, all the charges payable as per Policy for the projects above 5 MW including additional free power royalty are to be paid by the applicant afresh on whole capacity of 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. Capacity utilization factor (CUF) is to be kept between 55% to 60% \pm 2 %.
- (2) Capacity firmed up in the DPR shall be treated as final subject to approval from Government in case of enhancement for according TC 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 Sincerely,

-sd-

(Er K. L. Thakur)
Project Director cum
Dy Chief Executive Officer,
HIMURJA, Urja Bhawan,
Kasumpti, Shimla-171009.

Endst. No.: - A/A - 7829-43

Dated: - 10 8-2015

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

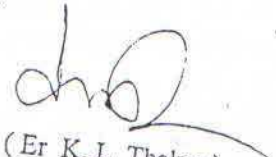
- i) Additional Chief Secretary /Principal Secretary/Secretary (Forests/Revenue/I&PH/PWD/ Environment & S.T./ RD & Panchayati Raj / Fisheries) to the Govt. of H.P., Shimla-2.
- ii) Principal CCF (Wild Life), Himachal Pradesh.

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)-3/2015 dated 07/08/2015 vide which approval has been accorded.
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.

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6. Deputy Commissioner, Chamba, Distt. Chamba, H.P.
7. The Chief Engineer (SO&P), HPSEB Ltd. Vidyut Bhawan, Shimla 171004 for information and necessary action.
8. The Project Officer Himurja, Distt. Chamba at Dharmashala, H.P. for information and necessary action.


(Er K. L. Thakur)
Project Director cum
Dy Chief Executive Officer,
HIMURJA, Urja Bhawan,
Kasumpti, Shimla-171009.