

Final

## **ANDHRA PRADESH WIND POWER POLICY**

## **PREAMBLE**

India is amongst the largest wind power markets in the world. Wind power is already economical in comparison to conventional power sources and Andhra Pradesh has a huge wind power potential that is yet to be harnessed. The wind power potential in the combined state of Andhra Pradesh as estimated by the National Institute of Wind Energy (NIWE) , formerly known as Centre for Wind Energy Technology (C-WET) is around 14,497 MW at 80 m level with maximum potential existing in the districts of Ananthapur, Kadapa, Kurnool, Chittoor and Nellore districts.

The Government of Andhra Pradesh has earlier issued “Wind Power Policy”, vide G.O.Ms.No.48 dated 11.04.2008 and G.O.Ms.No.99 dated 09.09.2008, to promote wind power projects. Since the policy operative period was for five (5) years, the policy expired in April, 2013. Taking into consideration the rising power requirements of the State post bifurcation and clean energy considerations, the government of Andhra Pradesh is keen to promote wind power generation in a big way.

## **OBJECTIVES:**

1. To encourage, develop and promote wind power generation in the State with a view to meet the growing demand for power in an environmentally and economically sustainable manner.
2. To attract private investment to the State for the establishment of large wind power projects.
3. To promote investments for setting up manufacturing facilities in the State, which can generate gainful local employment.

### **1 Operative Period**

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

Wind power projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning – unless the period is specifically mentioned for any incentive.

## 2 Eligible Developers

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, either for the purpose of captive/group captive use and/or for selling of electricity to the utilities or third parties, in accordance with the Electricity Act-2003, as amended from time to time.

The entity desiring to set up wind power project(s), either for sale of power and/or for captive use/group captive use of power within or outside the State, shall submit a proposal to the Nodal Agency as per the para (9) of this policy.

## 3 Category of Wind Power Projects

Category I	Projects set up in government/revenue lands or forest areas or assigned lands and also in private lands selling power within the state.
Category II	Projects set up for captive use or group captive use /3 <sup>rd</sup> party sale within or outside the state.
Category III	Sale of power at average power purchase cost and availing Renewable Energy Certificate (REC)

**Category I: Projects set up in government / revenue lands or forest areas or assigned lands and also in private lands selling power within the State**

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.

The Govt. of A.P. may consider proposals for allotment of revenue land if available - at the wind power potential areas on first come first serve basis-based on recommendation of NREDCAP, as per the provisions of New Land Allotment Policy announced by the Government vide G.O. Ms. No: 571, Dt: 14-09-2012 of Revenue (Assignment-I) Dept. The salient features of land policy with regard to wind power projects are given below:

- a. Guidelines prescribed by MNRE from time to time may be followed.
- b. Allotment of land may be considered on lease basis.
- c. Land may be given to the private developer on lease for 25 years.
- d. Allotment of land is to be done jointly in the name of project developer and NREDCAP. If the project is implemented as per schedule, NREDCAP will withdraw its rights on the land. However, if there is delay in execution of the projects, NREDCAP will recommend to Govt. to take back the land allotted, for re-allotment to any other developer/developers.
- e. Lease rentals will be 10% of the prevailing market value as fixed by the competent authority. The lease rentals shall be enhanced in every block of five (5) years by increasing upto 10 % as fixed by the competent authority on the lease rental of the previous block of five (5) years.
- f. In case of assigned lands are proposed for setting up wind power projects, the guidelines of Revenue department as per the clause 3.a).(vi) and 3.b).v) of the land policy will be followed.

To facilitate faster execution of projects, the district collector shall handover advance possession of land including pathways to NREDCAP and the land shall be allotted in the joint name of NREDCAP 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. NREDCAP 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.

If the wind farm is set up in private land then the Eligible Developer shall procure the land from the landholder on their own after obtaining approval from Nodal Agency.

**Category II: Captive use or group captive use /direct sale to 3rd party sale within the State/States other than A.P. State**

The State will promote wind power producers to set up wind power projects with no cap on capacity for captive use/group captive or sale of power to 3<sup>rd</sup> party within the State/States other than Andhra Pradesh. These projects will also qualify for Renewable Energy Certificates (RECs) subject to applicable regulations/ guidelines issued by the appropriate commission.

**Category III: Projects under Renewable Energy Certificate Mechanism**

The State will promote wind power producers to set up wind power projects with no cap on capacity for sale through Renewable Energy Certificate (REC) mechanism. The wind power producers will be required to apply for accreditation to the State Accreditation Agency and thereafter to Central Agency for registration and issuance of RE certificate under REC mechanism as per order/regulations of the appropriate commission. The power generated from these power projects shall be purchased by APDiscoms at pooled cost of power purchase as determined by APERC from time to time.

**4 Capacity Allotment**

The wind power projects shall be allowed in the areas notified by MNRE or in the areas where wind monitoring studies have been undertaken by MNRE/NIWE/NREDCAP/GoAP. In case wind resource assessment studies are proposed to be undertaken by the private developers, the capacity allotment will be considered only on submission of the wind data validation report of NIWE. The area applied for development of wind farm shall be clearly marked on a topo-sheet with the proposed capacity to be developed in that area.

NREDCAP shall be responsible for capacity allotment for upto 40 MW and to recommend capacity allotment beyond 40 MW to Government of AP.

## **5 Wind Resource Assessment studies in Private Sector**

Permission for carrying out Wind Resource Assessment (WRA) and subsequent development at self-identified locations by the private entities will be given by the Nodal Agency on a **first come first serve basis** and will be governed by MNRE circular no. 51/9/2007-WE dated 20.06.2008 for wind measurement & subsequent development by private sector.

The applicant needs to clearly demarcate the project boundaries in a top-sheet (scale 1:50000) where it is proposed to conduct the WRA study. All applications received will be scrutinised to ensure that the site identified has not been allotted to any other entity for WRA study as on the application date or is not within 5km radius from NIWE/NREDCAP proven or on-going wind masts as on the application date. Such WRA studies shall be completed within 24 months from date of signing of MoU with NREDCAP.

After completion of wind monitoring exercise, the applicant will be provided an exclusive period of 180 days from the expiry date of MOU to get the data authenticated by NIWE and make an application for capacity allotment. If the project is not applied for capacity allotment, the permission granted for private WRA study shall be cancelled. The applicant is also required to provide an undertaking to NREDCAP, with a copy to NIWE, indicating that NIWE can share the data to NREDCAP for subsequent/additional capacity allotments in the proposed (or balance) area.

## **6 Solar and Wind Hybrid Power Projects**

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 solar projects shall be as determined by APERC.

## **7 Repowering**

The wind power developers will be encouraged to install higher capacity and improved technology Wind Electric Generators (WEGs) by undertaking

appropriate micro-siting studies in order to optimally utilize the available wind resource potential at the project sites.

In respect of projects where lower capacity and lower hub height WEGs were installed and which have completed more than 15 years of life, proposals will be considered for replacing older turbines with higher capacity WEGs. In such cases, approval will be granted - subject to amendment of Power Purchase Agreement (PPA) with extension of time period for another 25 years.

The tariff payable for energy corresponding to the additional capacity available due to repowering of such projects shall be as per the applicable tariff determined by APERC from time to time.

## **8 GoAP Incentives**

To enable wind power capacity addition in the State, following incentives shall be provided for Eligible Developers for those projects setting during the operative period mentioned in the para one (1).

### **a) Power Evacuation**

- i. The Eligible Developer shall bear the entire cost of power evacuation facilities for interconnecting the wind farm with the grid.
- ii. The Eligible Developer shall abide by the orders, rules, regulations and terms and conditions as approved by APERC from time to time for operation of wind farms, power evacuation, transmission and wheeling of energy.
- iii. Wind power projects will be exempted from paying the supervision charges to APTransco/Discom towards the internal evacuation infrastructure within the wind farm site and upto pooling sub-station. All electrical installations within wind farm site and upto pooling sub-station shall be as per the statutory requirements and shall be certified by the Chief Electrical Inspector General (CEIG) or any other statutory authority.
- iv. APTransco/Discom will dispose the proposals for the technical

feasibility for evacuation **within 21 days** from the date of receipt of application. Any upstream system strengthening requirement shall be borne by APTransco/Discom on a priority basis.

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

There will be no Transmission and Distribution charges for wheeling of power generated from wind power projects, to the desired location/s for captive use/third party sale within the State through grid. However, the Transmission and Distribution charges for wheeling of power generated from the wind power projects for sale outside the State shall be as per regulations of APERC.

The 3<sup>rd</sup> party sale by Eligible Developers under this policy will be permitted only to HT – I category consumers as categorized in Tariff Orders and as per the regulations issued by APERC from time to time.

**c) Energy Banking**

Banking of 100% of energy shall be permitted during all 12 months of the year. Banking charges shall be adjusted in kind @ 2% of the energy delivered at the point of drawal. The banking year shall be from April to March.

Drawals from banked energy shall not be permitted during five (5) month period from 1<sup>st</sup> April to 30<sup>th</sup> June and 1<sup>st</sup> February to 31<sup>st</sup> March of each financial year. In addition, drawls of banked energy during the Time of the Day (ToD) applicable during the peak hours, as specified in the respective Retail Supply Tariff Order, shall also not be permitted throughout the year. However, the provisions on banking pertaining to drawal restrictions shall be reviewed based on the power supply position in the State.

Energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be considered as deemed energy banking.

The unutilized banked energy shall be considered as deemed purchase by Discoms at the pooled power purchase cost as determined by the



APERC for the applicable year. Energy settlement shall be done on monthly basis.

**d) Open Access**

Intra-state Open Access clearance for the whole tenure of the project or 25 years whichever is earlier will be granted as per the APERC Regulations amended from time to time. In absence of any response or intimation from the Nodal Agency to the generator within 21 days, then such application shall be considered to be deemed open access.

**e) Electricity Duty**

All wind power projects are exempted from paying Electricity Duty in case of sale of power to APDiscom.

**f) Deemed Public Private Partnership (PPP) Status**

Deemed PPP status shall be provided for projects coming up under Category I and have entered into a PPA with APDiscom for sale of power.

**g) Non Agriculture Status**

Deemed Non-Agricultural (NA) status for the land where wind power projects will be accorded, on payment of applicable statutory fees.

**h) Deemed Industry Status**

Generation of electricity from wind power projects shall be treated as eligible industry under the schemes administered by the Industries Department and incentives available to industrial units under such schemes shall be available to the wind powerproducers.

**i) Must run status**

Injection from wind power projects shall be considered to be deemedscheduled subject to prevailing regulations/grid code of appropriate commission.

**j) Pollution Clearance**

Wind power projects will be exempted from obtaining any NOC/Consent for establishment under pollution control laws from AP Pollution Control Board.

**9 Nodal Agency**

New and Renewable Energy Development Corporation of A.P. Ltd (NREDCAP) shall act as a Nodal Agency under this policy and as decided by the government from time to time.

The Nodal Agency and/or designated offices by the Nodal Agency shall be responsible for providing single window clearance of the projects for the following activities:

- a) Registration of projects
- b) Allotment of capacity of projects
- c) Processing of proposals for allotment of revenue land or Forest land.
- d) Arranging approval for power evacuation plan and open access.
- e) Arranging other statutory clearances/approvals if any.
- f) Co-ordination with MNRE/SECI/APTransco/APDiscoms and other central and state agencies.

An online system will be established by the Nodal Agency for acceptance of applications and for providing status updates. The developers will be given a login access for tracking the status updates. All approvals/clearances shall be disposed within 30 days from the date of registration.

**10 Time Lines for Project Completion**

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 three (3) years from the date of sanction, the site may be offered to any other developer by the Nodal Agency. The Nodal Agency would be at liberty to invite bids for setting up wind power projects in such sites, where no development is taken up 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.

## **11 Manufacturing**

The Government intends to promote wind turbine manufacturing facilities that can contribute towards wind sector development in the State. The following incentives shall be applicable for new manufacturing facilities and equipment's, ancillaries related to wind power projects only.

- Priority allotment of Government land on long term lease basis
- Exemption from electricity duty for a period of ten (10) years for consumption of electricity from the first year of operation.

## **12 Applicability of this Policy for wind power projects approved under earlier Policy**

This policy is applicable in respect of all wind power projects which are not commissioned as on date of notification of this policy in the State of Andhra Pradesh.

### **13 Project Monitoring**

A “High Level Committee” constituted with the following members will monitor the progress of implementation of the Wind Power Policy:

1. Secretary, Energy Department
2. Chairman and Managing Director, APTRANSCO
3. CMD of APDISCOMs
4. V.C.& Managing Director, NREDCAP( Member-Convener)
5. Representative of Indian Wind Turbine Manufacturers Association (IWTMA)
6. Representative of Indian Wind Power Association (IWPA)

If any difficulty arises in giving effect to this policy, the High Level Committee 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.

### **14 Mid-term Review**

State Govt. may undertake a Mid-term Review of this policy after a period of two years or as and when need arises in view of any technological breakthrough or to remove any inconsistency with Electricity Act 2003, rules and regulations made thereunder or any Govt. of India 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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