

Annexure- A

POLICY FOR DEVELOPMENT OF SMALL SCALE DISTRIBUTED SOLAR PROJECTS – 2019

**Government of Gujarat
Energy and Petrochemicals Department
G.R. No: SLR/11/2019/51/B1
Sachivalaya, Gandhinagar
6th March, 2019**

1. PREAMBLE

The State of Gujarat (the "State") launched the Gujarat Solar Policy-2009, with an intention to increase the share of renewable energy, particularly solar energy in its energy basket. The policy received a very enthusiastic response resulting in a cumulative solar capacity in excess of 1000 Megawatts (MW). The policy also witnessed setting up of India's first and Asia's largest Solar Park at Charanka in Patan District, and the country's first MW scale canal-top solar plant at Chandrasan in Mehsana District of Gujarat.

In the year 2015, Solar Power Policy-2015 was launched wherein the Government of Gujarat (the "State Government") focused on the fact that the increase of renewable energy in the total energy basket has to be done in a manner that does not add undue burden to the Consumers in the State. Accordingly, the policy intended to promote competitive bidding in cases where projects are set up for supplying power to Distribution Companies. The policy paved way for the State Utilities to procure solar power based on competitive bidding / e-reverse auction by inviting tenders for Large Scale Solar Projects. Utilities have already carried out bidding for large projects with minimum size of 25 MW and signed PPAs for 1000 MW.

The State has started witnessing rapid development of Large Scale Solar Projects. Further, the Small Scale Solar Projects like rooftop etc have also become main stream. The State recognizes the scope for rapid development of Small Scale Distributed Solar Projects in the State by mobilizing existing resources with greater socio-economic value addition.

2. OBJECTIVES

State of Gujarat is endowed with high level of solar radiation in the range of 5.5-6 kilowatt-hour (kWh) per square meter per day in addition to substantial amounts of barren and uncultivable land in multiple pockets. Further, an extensive transmission & distribution network and utilities with reasonably good operational efficiency make the State of Gujarat a potential hub for Solar Energy Generation Capacity of more than 35,000 MW. While State's Solar Power Policy-2015 is a comprehensive

framework for development of Small, Medium and Large Scale Solar Projects in various sub-categories such as Captive Power, Third Party Sale, Sale to DISCOMs, Rooftop Projects, Canal Based Projects, Solar Pumps, Solar Home Light systems etc. This Policy for Development of Small Scale Distributed Solar Projects – 2019 aims at facilitating development of Small Scale Solar Projects with size of 0.5 MW and above but up to 4 MW in the distribution network of licensees of Gujarat State in rapid manner with following objectives:-

- 2.1 To facilitate and promote speedier development of Solar Projects in multiple scattered pockets of barren and uncultivable land.
- 2.2 To provide visibility about available tariff for sale of power to small solar power project developers who cannot participate in competitive bidding.
- 2.3 To mobilize local resources, enhance skill development and create employment opportunities in Solar Energy Sector by promoting small scale entrepreneurs.
- 2.4 To help utilize the robust transmission and distribution network of State Utilities for large scale integration of Solar Projects with the grid.
- 2.5 To strengthen the local grid and improve local voltage by encouraging distributed generation.
- 2.6 To encourage growth of local manufacturing facilities in line with the 'Make in India' programme.

RESOLUTION

After detailed deliberation and consultations with the concerned State Administrative Departments and various stakeholders, the State Government is pleased to announce the "Policy for development of small scale distributed solar projects – 2019" as under:

3. TITLE

This Policy shall be known as the "Policy for development of Small Scale Distributed Solar PV Power Projects – 2019".

4. OPERATIVE PERIOD

This policy shall come into effect from the date of issuance and shall remain in operation for a period of 5 years.

The Solar Projects that are installed and commissioned during the Operative Period shall become eligible for the benefits and incentives declared under this Policy, for a PPA term of 25 years.

5. ABBREVIATIONS AND DEFINITIONS

- 5.1. "ABT" means Availability Based Tariff
- 5.2. "ALDC" means Area Load Dispatch Centre.
- 5.3. "Commercial Operation Date (COD)" shall be the date certified by GEDA upon successful commissioning of the Project.
- 5.4. "DISCOM" means Distribution Licensee.
- 5.5. "GERC" means Gujarat Electricity Regulatory Commission.
- 5.6. "Interconnection Point" or "Delivery Point" or "Metering Point" shall mean the point in distribution network of licensees of the State where power is injected into grid and shall be determined based on system study and technical feasibility by local DISCOM.
- 5.7. "Obligated Entities" means entities obligated to fulfill the Renewable Power Purchase Obligation as prescribed by GERC.
- 5.8. "PPA" means Power Purchase Agreement.
- 5.9. "PV" means Photo Voltaic.
- 5.10. "RTU" means Remote Terminal Unit.
- 5.11. "SCOD" or "Scheduled Commercial Operation Date" shall mean the date as to be declared by the developer in the PPA, on or before which the Solar Project of the developer shall be commissioned and such date shall not exceed 12 (twelve) months from the date of execution of the PPA.
- 5.12. "SLDC" means State Load Dispatch Centre.
- 5.13. "Small Scale Solar Project" for the purpose of this policy shall mean the Solar Project installed at Single / multiple locations with aggregate capacity of 0.5 MW and above but not exceeding 4 MW installed and commissioned during the operative period of this policy.
- 5.14. "State Transmission Utility (STU)" OR "GETCO" means Gujarat Energy Transmission Corporation Limited.

6. PROJECT SIZE

The Solar Projects having size of 0.5 MW and above but not exceeding 4 MW installed and commissioned during the operative period of this policy shall qualify to be termed as "Small Scale Solar Projects" and be eligible for benefits of this policy.

7. ELIGIBILITY

Any individual, company or body corporate or association or body of individuals, Co-operative Society of individuals / farmers or artificial juridical person shall be eligible for setting up Small Scale Solar Projects under this policy exclusively for the purpose of sale to Obligated Entities i.e. Distribution Licensees for fulfillment of RPO of such Obligated Entities.

8. APPLICABLE TARIFF

Tariff applicable under this Policy shall be as per following mechanism: The tariff contracted in the competitive bidding process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year *with an addition of Rs. 0.20 per unit* shall be the applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on 30th September) *with an addition of Rs. 0.20 per unit* shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March. However, the above mechanism of applicable tariff shall be subject to approval of GERC. The Obligated Entities shall take one time approval of GERC. The Rs. 0.20 per unit addition in tariff is allowed for Rs.0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs.0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects.

The above mentioned tariff shall be applicable for a PPA term of 25 years from Commercial Operation Date of the Projects.

9. ELIGIBLE SITE & LAND

The Developers shall acquire or possess the private land on Sale or Lease basis from private individual for development of Solar Projects. The Project shall be developed preferably on the land parcels that are located near the existing substations of GETCO. For lease of land, the lease period shall cover entire term of the PPA. No Government land shall be allotted for the projects to be set up under this policy.

10. GRID INTEGRATION & SUPPORT FROM STATE UTILITIES.

Grid stability and security is of prime importance. Since the penetration of Renewable Energy may affect grid stability, adequate protection measures are necessary.

The Central Electricity Authority (CEA), GoI has published Central Electricity Authority (Technical Standards for connectivity to the Grid) Amendment Regulations, 2013, specifying various technical requirements for grid connection of renewable energy sources. These regulations and provisions of Grid Code, as amended from time to time, shall be binding to the Power Projects.

Interconnection voltages for projects up to 4 MW shall be 11kV or 66 kV. The Interconnection voltages shall be governed as per GERC Regulations, as amended from time to time. However, the injection from MW Scale Projects shall be preferred directly in 66 kV/ 132 kV/ 220 kV Sub-station through a dedicated 11 kV feeder for better grid stability and reliability for injection of power.

Solar Project Developers shall be allowed to inject power at Interconnection Point, which shall be determined by DISCOM based on technical feasibility. The developers shall lay dedicated line at their own cost for evacuation of power up to Interconnection Point as per system study by DISCOM.

To optimize costs, Common dedicated transmission line may be set up by a cluster of adjoining Developers with appropriate metering at their respective end of project as well as a common meter for such Project Developers at the Interconnection Point. Energy injection by each Solar Project at the receiving end shall be worked out on the basis of meter reading of common meter appropriately apportioned as per the respective meter reading at the sending end meter of that Solar Project by DISCOM / SLDC / ALDC.

11. MEETERING AND ENERGY ACCOUNTING

The electricity generated from the Solar Projects, shall be metered on 15-minute time block basis by DISCOM / ALDC / SLDC at Interconnection Point. For the purpose of energy accounting, solar generating projects shall provide ABT-compliant meters and RTUs at the interface points. Interface metering shall conform to the Central Electricity Authority (Installation and Operation of Meters) Regulations 2014 and amendment thereto. DISCOM / SLDC / ALDC shall stipulate specifications in this regard.

12. PERFORMANCE SECURITY

The Solar Project Developers shall be required to provide Bank Guarantee @ Rs 5 lakhs per MW at the time of signing of Power Purchase Agreement with Obligated Entities. The bank guarantee shall be refunded, if the developers achieve commercial operation within time period mentioned in Power Purchase Agreement. In case the Developer fails to achieve commercial operation as specified in the Power Purchase Agreement, the bank guarantee shall be forfeited.

13. STATE GOVERNMENT FACILITATION & NODAL AGENCY

Gujarat Energy Development Agency (GEDA) shall be the State Government Nodal Agency for facilitation and implementation of this Policy. The nodal agency will facilitate and assist the Project Developers to undertake the activities like registration of projects, responding to queries and problems of Developers of Power Projects, commissioning certificates etc.

14. RENEWABLE POWER PURCHASE OBLIGATION (RPO)

Obligated Entities have to abide by the GERC Regulations and Orders from time to time. Hon'ble GERC has been deciding the overall RPO and sub-category wise procurement of Renewable energy Power from each Renewable energy Source. The obligated entities shall buy Solar Power under this policy for meeting their RPO.

15. FORECASTING & SCHEDULING

The Solar Projects shall, for the time being, be exempted under scheduling procedure for Intra State ABT. The Solar Projects shall however abide by instructions of SLDC. The actual energy injected in the grid during particular time block of 15 minutes shall be post-facto considered available for drawl schedule for sale of power to DISCOM. As and when forecasting and scheduling mechanism is made applicable to Solar Power projects, these Solar Power projects shall abide by such rules and regulations.

16. REACTIVE POWER

The drawl of reactive power shall be charged as per the GERC order, as amended from time to time.

17. OPERATION & MAINTENANCE OF LINE

The Operation and Maintenance of dedicated evacuation line shall be carried out at the cost of the Project Developer as per applicable technical standards and best practices.

18. RESTRICTIONS

After commissioning of solar project, the installation shall not be allowed to be transferred inter se or from one location to another.

19. REGULATION

The Hon'ble Gujarat Electricity Regulatory Commission shall be guided by this Policy while framing its rules, regulations and orders.

20. MID TERM REVIEW

State Government may undertake a mid-term review of this policy as and when the need arises in view of any technological breakthrough or to remove any difficulties or inconsistency with Electricity Act, 2003 as amended from time to time.

21. POWER TO REMOVE DIFFICULTIES

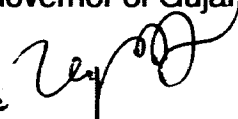
If any difficulty arises in giving effect to this policy, the State Government may issue clarification / interpretation to remove such difficulties either on its own motion or based on representations from stakeholders.

22. POWER TO INTERPRET

If there is any confusion or dispute about the meaning, intent or purpose of any provision of this Policy, the interpretations given by Energy & Petrochemicals Department, Government of Gujarat shall be final and binding to all concerned.

This issues with the concurrence of the Finance Department dated 21st February, 2019 on the Department's file of even number

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



(Vijaysinh Vaghela)

**Additional Secretary to the Government of Gujarat
Energy & Petrochemicals Department**

Copy To :-

- *The Principal Secretary to H.E. The Governor of Gujarat, Raj Bhavan, Gandhinagar.
- The Principal Secretary to. Hon. Chief Minister, Sachivalaya, Gandhinagar.
- The P.S. to Hon. Dy. Chief Minister, Sachivalaya, Gandhinagar.
- The P.S. to Hon. Minister (Energy), Sachivalaya, Gandhinagar.
- The P.S. to Hon. MoS (Energy), Sachivalaya, Gandhinagar.
- The Secretary, Ministry of Power, Govt. of India, Shram Shakti Bhavan, New Delhi.
- The Secretary, Ministry of New & Renewable Energy, CGO Complex, New Delhi.
- The Secretary, Central Electricity Regulatory Commission, New Delhi.
- The Chairman, Central Electricity Authority, New Delhi
- The Joint Secretary to Chief Secretary, Sachivalaya, Gandhinagar.
- *The Secretary, GERC, Gift City, Gandhinagar.
- *The Registrar, Gujarat High Court, Ahmedabad.
- *The Secretary, Vigilance Commission, Gandhinagar.
- The Additional Chief Secretary, Finance Department, Sachivalaya, Gandhinagar.
- The Principal Secretary, Climate Change Department, Sachivalaya, Gandhinagar.
- *The Secretary, Gujarat Legislature Secretariat, Sachivalaya, Gandhinagar.
- The Resident Commissioner, Gujarat State, New Delhi
- The Account General, Ahmedabad/ Rajkot.
- All Departments of Secretariat, Sachivalaya, Gandhinagar.
- All Branches of Energy & Petrochemicals Department.
- The Chairman, Power Finance Corpo. Ltd, New Delhi

- The Chairman & Managing Director, Gujarat Power Corpo. Ltd, Gandhinagar.
 - The Managing Director, Gujarat Urja Vikas Nigam Ltd, Vadodara.
 - The Managing Director, Gujarat State Electricity Corpo. Ltd, Vadodara.
 - The Managing Director, Gujarat Energy Transmission Corpo. Ltd, Vadodara.
 - The Managing Director, Uttar Gujarat Vij Company Ltd, Mehsana.
 - The Managing Director, Madhya Gujarat Vij Company Ltd, Vadodara.
 - The Managing Director, Dakshin Gujarat Vij Company Ltd, Surat.
 - The Managing Director, Paschim Gujarat Vij Company Ltd, Rajkot.
 - The Director, Gujarat Energy Development Agency, Gandhinagar.
 - The Chief Electrical Inspector & Collector of Electricity Duty, Gandhinagar.
 - All Collectors
 - The Chief Executive Officer, Torrent Power Ltd, Lal Darwaja, Ahmedabad
 - Dy. Section officer's Select file.
- *By Letter.