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J&K HYDRO POWER POLICY-2025

(Development of Hydro power projects up to 100 MW in IPP/PPP mode)

GOVERNMENT OF JAMMU AND KASHMIR

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List of Abbreviation

Following expressions/abbreviation used in the policy would have meanings assigned to them as defined here as under:

Abbreviations	Full form
JKPDC	Jammu and Kashmir Power Development Corporation Limited
JAKEDA	Jammu & Kashmir Energy Development Agency
NHPC	National Hydroelectric Power Corporation Ltd.
UT of J&K	Union Territory of Jammu and Kashmir
MoP	Ministry of Power, Government of India
MNRE	Ministry of New and Renewable Energy
CEA	Central Electricity Authority
HRED	Department of Hydro and Renewable Energy, IIT Roorkee.
GoJK	Government of Jammu and Kashmir
J&K	Jammu and Kashmir
JERC	Joint Electricity Regulatory Commission
JKPDD	Jammu and Kashmir Power Development Department
PPA	Power Purchase Agreement
IPP	Independent Power Producer and has been also referred as "Developer"
PPP	Public Private Partnership
GCET	Government College of Engineering & Technology
SIDCO	State Industrial Development Corporation Ltd
CoD	Commercial Operation Date.
DPR	Detailed Project Report
PFR	Pre-Feasibility Report
EIA	Environment Impact Assessment
EMP	Environment Management Plan
TEC	Techno- Economic Clearance
CWC	Central water Commission
GSI	Geological survey of India
RFQ/RFP	Request for Qualification/Request for Proposal
HEP	Hydro Electric Project
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
BOOT	Built Own Operate & Transfer
EPC	Engineering Procurement Construction
LROT	Lease , Rehabilitate , Own and Transfer

1. INTRODUCTION

1.1 Hydropower is an important source of electricity generation globally. It stands as the largest clean and flexible source of electricity generation with many positive externalities. Beyond electricity generation, hydropower projects contribute significantly to water resource management, grid balancing, flood control and water security. Storage projects, in particular, offer valuable benefits, including lean season water availability, flood control, navigation, irrigation, drinking water supply and tourism opportunity thereby maximising the utilisation of scarce water resources. Hydro Electric Projects (HEPs) exhibit significant long-term advantages, such as zero fuel cost and immunity from fuel price escalation, making them economically competitive in the long run. Their development plays a pivotal role in the socio-economic development of remote and inaccessible areas where such projects are generally located. This underscores the urgent need for timely harnessing of the remaining viable hydropower potential.

1.2 Hydropower projects exhibit exceptional operational flexibility, enabling instantaneous start, stop, and load variation. This adaptability allows them to operate at base load, peak load or part load as per grid requirements, making them ideally suited for peaking operations and significantly enhancing power system reliability.

1.3 The power sector has in the recent past undergone significant transformations, including increased penetration of Variable Renewable Energy (VRE) sources like solar and wind, necessitating grid balancing solutions. The HEPs represent the most effective technologies for integrating energy from VRE sources, which exhibit intermittent and variable energy generation. Recognizing this shift, the " J&K Hydro Power Policy 2025" aims to accelerate development of HEPs at viable tariff, support regional growth, and address the evolving needs of the power sector besides contributing to India's Nationally Determined Contributions (NDCs) for climate action by minimising dependence on fossil based fuels for its 'energy needs.

2. BACKGROUND –AIM & OBJECTIVE

Government of Jammu and Kashmir (GoJK) has earlier notified policies for the development of hydro power through IPP mode (Independent Power Producer) in the year 2003 and 2011. Having regard to the learnings from the outcomes of past policy actions and to address the viability challenges to the Hydropower development in the face of cheaper Renewable Energy alternatives and to make private sector investment in harnessing balance hydro potential more attractive in the UT, GoJK has decided to revise the "J&K State Hydroelectric Projects Development and to Policy 2011" and come up with a new hydropower development policy. A range of measures have been incorporated in this policy for incentivising the private developers in the form of various benefits, exemptions and facilitations to harness the vast hydropower potential in UT of J&K particularly in Small HEPs and projects upto 100 MW domain, in an environmentally sustainable manner.

The key objective of the policy is to improve the financial viability of the Hydro Power sector and attract private investment to harness hydroelectric potential of the UT of Jammu and Kashmir in furtherance of the national objective of generating 50% of India's cumulative energy demand from non-fossil fuels by 2030.

Power is a critical enabling infrastructure on which the socio-economic development of the country depends. The growth of the economy and its global competitiveness hinges on the availability of quality power at a competitive cost. The Government of Jammu and Kashmir (GoJK) has laid maximum emphasis on the development of its hydro potential, being a clean & renewable source of energy. The development of small SHPs which is the focus of this policy involves less construction period, minimal Rehabilitation and Resettlement, low impact on environment, requirement of lesser clearances etc. In addition, SHPs provide benefits beyond electricity generation like irrigation, flood control and clean drinking water benefits and lesser transmission losses. It has been decided to encourage private sector participation in the development of Hydro power Projects particularly in the Small Hydro projects (SHPs) and projects upto 100 MW capacity. This policy seeks to replace the earlier policy of year 2011 and is intended to encourage the participation of private sector in the sustainable development of Hydro Power Projects in the UT of Jammu and Kashmir.

The estimated hydro power potential of the UT of J&K is 18,000 Megawatt (MW), out of which 14867 MW has been identified. This comprises 11283 MW in Chenab basin, 3084 MW in Jhelum basin 500 MW in Ravi Basin. Out of the identified potential, only 3540.15 MW i.e. 23.81% (of identified potential) mostly in large hydro has been harnessed till date, which comprises of 1197.4 MW in UT Sector, 2250 MW in Central Sector and 92.74 MW in IPP mode. Aggregate capacity of Projects and implementing agencies in the UT of Jammu and Kashmir is tabulated below.

S.No.	Organization	No. of Projects	Aggregate Installed capacity (in MW)
1	NHPC	06	2250
2	JKPDC	13	1197.4
3	IPP (allotted by JKPDC)	05	57.50
4	IPP(allotted by JAKEDA)	07	35.25
	Total	31	3540.15

At the initiative of Government of India and Government of Jammu and Kashmir , about 7000 MW hydro power potential shall be harnessed with Capital investment of about Rs 59,294.0 Crores in phased manner in next 10 years particularly in large hydro projects which includes under construction 1000 MW Pakaldul HEP, 624 MW Kiru HEP, 540 MW Kwar HEP , 850 MW Rattle HEP, 37.5 MW Parnai and 12 MW Karnah HEP along with upcoming projects like 1856 MW Sawalkote HEP, 930 MW Kirthai-II HEP, 390 MW Kirthai-I HEP, 258 MW Dulhasti-II HEP, 240 MW Uri-I stage-II HEP, 93 MW New Ganderbal HEP and small projects under PMDP. This tremendous development in hydro power sector will make UT of Jammu and Kashmir as Renewable Energy Bank of the country.

The policy has been formulated after a round of discussions and deliberations with major stakeholders and after conducting and considering the PESTLE analysis/Factors (Political, Economic, Social, Technological, Legal, Environmental). Inputs in the form of comments/suggestion from various government committees & organizations like JKPDC and JAKEDA, experts from academia such as IIT-Roorkee, GCET-Jammu, and other agencies like FISH, IPPS have also been taken into consideration and suitably incorporated in the policy.

Suggestion contained in the concept note on measures to promote the Hydropower sector issued by the Ministry of Power, Government of India (2022-2023) have also been considered while framing the policy to make it align with national objectives.

Useful inputs from Hydro power Policies from other hilly states like Himachal Pradesh and Uttarakhand have also been taken into consideration in formulation of this policy. Various perspectives from draft National Hydro Power Policy 2025 that seek to promote projects based on viability have been duly factored and incorporated in this policy.

3. FRAME WORK FOR DEVELOPMENT OF HYDRO POWER: MODE OF EXECUTION

In 2008, the State Government vide order no: 168-PDD of 2008 dated: 25.04.2008 has approved an implementation framework for development of Hydroelectric Projects outlining the following modes of execution: -

- I. Execution of projects as purely state projects with 100% ownership by JKPDCL.
- II. Execution of large projects through Joint Venture of JKPDCL with Central Public Sector Undertakings under Memorandum of Understanding (MoU) route.
- III. Execution of projects through Public Private Partnership (PPP) mode in the form of Joint Venture of JKPDCL with private sector for large projects and selection of JV partner through transparent process.
- IV. Execution of large projects through independent power Producers (IPP) on Build, Own, Operate and Transfer (BOOT) basis through international competitive bidding (ICB).
- V. Execution of small projects through Independent Power Producers (IPP) on Build, Own, Operate and Transfer (BOOT) basis through competitive bidding.

4. VISION

- The policy aims to harness the vast hydropower potential of J&K by encouraging private sector participation in the development of hydroelectric projects (HEPs) up to 100 MW, by offering them attractive investment opportunities. The policy envisions to ensure long-term energy security for J&K at competitive tariffs. In addition, the policy recognizes and seeks to leverage the broader developmental benefits of hydropower such as enhanced grid stability, improved connectivity, and the socio-economic upliftment of communities residing in remote and inaccessible areas of J&K.
- This Policy outlines various measures/incentives and facilitations granted by GoJK and GoI for ensuring financial viability of the HEPs and competitive tariff.

5. PERSPECTIVE

While hydropower offers long-term economic benefits and grid stability, rising construction costs necessitate prompt project execution. The initial costs may seem higher than those of solar or wind power, but hydropower projects, with lifespans exceeding 70 years, demonstrate significantly lower long-term costs. Moreover, the numerous positive externalities of hydropower must be factored into the overall cost-benefit analysis. A robust policy framework is, therefore, essential to facilitate the development of viable HEPs. A transparent and objective framework, delineating key attributes such as environmental impact, social benefits, grid stability and assigning appropriate weights to each, is crucial for informed decision-making. Some of the key considerations are elaborated below.

5.1 CLIMATE CHANGE CONSIDERATION

India is on the path towards a clean energy transition, guided by the Nationally Determined Contribution (NDCs) targets, to reduce the emission intensity of its Gross Domestic Product (GDP) by 45% by 2030, achieve 50% of installed capacity from non-fossil fuel sources by 2030 and net zero carbon emissions by 2070. In achieving this ambitious target, Hydropower will play a major role. Hydropower is a clean and green source of energy with limited carbon

emissions. Over the average life cycle of the project, hydro projects are reported to emit 23 gCO₂ equivalents per kWh, compared to the 820 gCO₂ for coal-based generation, 490 gCO₂ for gas-based generation, and 48 gCO₂ for a solar-based generation. In view of the fact, that UT of J&K is bestowed with natural topography and sustainable hydrology supporting the development of hydropower projects, it can play a major role in the achievement of NDCs (Nationally Determined Contributions) targets of country.

5.2 ENERGY TRANSITION CONSIDERATIONS

As the share of VRE like solar and wind increases, expanding hydroelectric becomes essential for reliable grid operation and the successful integration of these intermittent sources.

5.3 TEMPORAL CONSIDERATIONS:

The average electricity price during non-solar peak hours is significantly higher than during solar hours or other off-peak hours. The price differential may further increase with the huge capacity addition of variable RE sources in the future. Hydropower projects are ideal for meeting the non-solar peak power requirements of the UT.

5.4 SUSTAINABILITY CONSIDERATIONS

It is well documented that hydropower projects increase the lean season flows and provide flood control, navigation, irrigation, and even drinking water supply benefits. They help in the maximum utilization of scarce water resources e.g Old Ganderbal HEP is still the major source of fresh water to District Srinagar and District Ganderbal while also meeting irrigation demand.

To ensure that the aspect of sustainability is fully addressed in the pursuit of hydropower development, the Central Electricity Authority is in the process of development of sustainability standards for hydro projects in India. All developers shall adhere to these standards and ensure that sustainability considerations are factored in, while developing hydro projects.

5.5 MAKE IN INDIA CONSIDERATION

The domestic content in hydropower projects is much higher as compared to other Renewable Energy projects. Hence, the development of hydro projects would be instrumental in meeting the vision of Atma-nirbhar-Bharat of the Government of India. Further, hydropower projects have a multiplier effect in giving a boost to the growth of the entire economy.

5.6 AREA DEVELOPMENT CONSIDERATIONS

Most of the identified and viable hydropower potential sites in UT of J&K fall in the hilly and far-flung areas with limited accessibility. These are the locations which remained laggards in economic development due to inadequate local accessibility and industrialization. Hydropower development casts a constructive effect on local area development, as is the experiences of nations like Bhutan, where a substantial percentage of GDP is attributable to

Hydropower. The developmental considerations of the hilly regions dovetail with the hydro power development. Hydropower is an ideal investment for socio-economic and regional development considerations like employment generation and infrastructure upgradation. Projects with flood management capabilities also help in protecting downstream economies from the vagaries of the flood. UT of J&K experienced a considerable positive impact on socio- economic growth in all such areas like Kishtwar and Uri where hydropower projects were lately developed.

6. BARRIERS AND CHALLENGES

The development of hydropower is beset with several uncertainties. Broadly, the challenges are related to the project location, geological uncertainties, rehabilitation & resettlement, law & order, high capital costs and lack of interest from private developers.

Remote locations: Hydro projects are located in remote, inaccessible, forested, and inhospitable terrains. Obtaining environmental, forest, and wildlife clearances is a very cumbersome and time-consuming process. Developers are often required to undertake infrastructure development for accessing the site and transporting heavy machinery. Frequent landslides, slope failures, snowfall, and flash floods often delay project implementation.

Unpredictable Geology: Despite various improvements in geological investigations, the presence of shear zones, rock bursting, underground lakes and streams cannot be entirely ruled out. These geological challenges often lead to significant time and cost overruns during project development.

Rehabilitation and Resettlement issues: Relocating people from their traditional habitations and livelihoods, if not managed with sensitivity and commitment, may result in potential opposition to the project. Beyond its socio-political implications, this challenge is a major potential source of time over-runs, leading to cost overruns.

High Capital cost: HEPs are capital intensive and require higher upfront costs to address greater complexities in design, engineering, environmental and societal impact mitigation, etc. These complexities and technical challenges often lead to time and cost overruns and increase the uncertainty of cash inflows, thereby resulting in higher insurance premiums and finance costs.

Lower presence of private developers: Private investment in the hydropower sector has not met expectations. The limited involvement of the private sector in hydropower projects is also witnessed globally. The public sector owns and operates over 70% of the hydropower capacity installed worldwide between 2000 and 2020.

7. POLICY INITIATIVES SO FAR:

- I. **State Policy for the development of Small Hydro Power in J&K, 2003:**
- II. **J&K State Hydroelectric Projects Development policy 2011**
- III. **Policy for Development of Micro/Mini Hydro Power Projects- 2011**

8. OPERATIVE PERIOD

This policy shall be called “**J&K Hydro Power Policy-2025-Development of Hydro Power Projects up to 100 MW in IPP/PPP mode**”. The policy shall be effective and operative from the date of its notification by the Government of Jammu and Kashmir and shall remain effective along with amendments as may be made by GoJK from time to time unless superceded by another policy. All projects allotted prior to issuance of this policy shall continue

to be governed by the policies under which these were allotted unless specifically mentioned in this policy. All projects up to and including 100 MW shall be awarded in IPP/PPP mode under this policy. The projects awarded under this policy will be governed by this policy for their entire duration. However, this policy shall place no bar on the GoJK from directly taking up implementation of projects of any capacity through any mode at any identified potential site without offering the site for inviting bids from IPP/PPP.

9. CATEGORIZATION OF HYDROPOWER PROJECTS

The Jammu & Kashmir Power Development Department (JKPDD) shall constitute a central committee at Department level and a designated agency, which shall function as the Empowered Committee/ Designated agency for development of small hydro-electric projects, above 10 MW capacity, in J&K, with its roles and responsibilities defined in clause 11 of this policy. The Empowered Committee/ Designated agency may also opt a representative from the Jal Shakti Department or any other Government Department, as deemed fit. Additionally, it may co-opt members from technical institutions such as IIT, GCET, or any other.

Likewise, the Science & Technology Department, Government of J&K, shall also constitute a similar committee or may nominate JAKEDA to function as the Empowered Committee/ Designated agency for the development of small hydroelectric projects up to 10 MW capacity. The roles and responsibilities of the committee shall be the same as defined for the Empowered Committee/ Designated agency constituted by JKPDD for projects above 10 MW capacity.

The J&K Government (for projects up to 10 MW and above 10 MW capacity) shall notify the projects intended to be developed on BOOT basis through Independent Power Producer (IPP/PPP) mode in the UT of Jammu and Kashmir. However, discretion for implementation of the project through any mode (EPC, EPCC, BOOT, PPP, Tariff based bidding, LROT, MoU, etc.) shall exclusively remain with GoJK.

Jammu & Kashmir Government through its designated agency shall invite bids for the development of projects by Independent Power Producers/PPPs. These shall include any of the private sector entities, central power utilities, state governments or any other government entities/developers and their joint ventures

This policy categorizes the HEPs in two categories:

1. Hydropower projects with capacity upto 25 MW. **(Category-I)**
2. Hydropower projects with capacity above 25 MW and upto 100 MW. **(Category-II)**

10. INCENTIVES FOR HYDEL POWER DEVELOPERS

- i. **Budgetary support for enabling infrastructure:** The Ministry of Power through Central electricity Authority has extended budgetary support for hydropower (HEPs) and pumped storage projects (PSPs) above 25 MW, covering costs for enabling infrastructure like roads, bridges, transmission lines, and communication systems and flood moderation components. These benefits shall extend to the developers

- subject to any specific disqualification mentioned in the relevant scheme/policy for the projects allotted on the basis of upfront premium.
- ii. Likewise Ministry of New and Renewable Energy is also shortly expected to come up with a policy for grant of Central Financial Assistance to support Small HEPs upto 25 MW. These benefits shall extend to the developers subject to any specific disqualification mentioned in the relevant scheme/policy for the projects allotted on the basis of upfront premium.
 - iii. Developers can avail all benefits and exemption as granted by the MOP/MNRE/CERC for Renewable Energy (RE) projects as may be applicable to HEPs in respective categories of installed capacity, from time to time.
 - iv. Developers can avail all incentives extended by GoJK as per the J&K Industrial Policy 2021-30 issued vide Government Order No: 117-IND of 2021; dated: 19.04.2021 strictly as per the conditions laid down in the J&K Industrial Policy 2021-30 and upto the term the said policy is in force.
 - v. The developers shall be entitled for extant benefits under the Notification no F.No. 2(2)/2018-SPS issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI until the term of the said notification.
 - vi. In terms of Ease of doing business (EoDB), Government of J&K through its Empowered Committees/ designated agency shall facilitate and co-operate with the developer for timely issuance of all the requisite clearances, that also includes applications for NOCs/ Clearances through a single window clearance portal developed by SICOP under EoDB. But this shall not absolve the IPP from the prime responsibility of securing all requisite clearances and abiding by the conditions stated therein.
 - vii. Reimbursement of SGST.
 - viii. In order to explore the tourism potential of UT of J&K and to attract investment in this sector, developers after seeking the necessary approval from the GoJK and the clearance from concerned Development authorities/ Departments are allowed to create tourism infrastructure at Category-I Projects (upto 25 MW capacity) by way of registering the facility with the Tourism Department of J&K. The Developer shall however be eligible for such registrations only after the successful commissioning of the Power Project. This augmentation shall enhance the financial viability of the projects and also give boost to the generation of employment and local economic development. At the end of the concession period the developer shall handover free of cost, in good to operate condition, all the related/associated infrastructure/infrastructure of tourism, if any to the GoJK.
 - ix. **Staggering of free power.** Hydro Power Developers are mandated to provide free power to the UT of J&K. The free power has been capped at 12 % (energy generated on bar. However, for supporting the developers during the initial years of commissioning, the staggering of free power shall be allowed to the HEPs under this policy:
 - a. Category-I Projects (upto 25 MW)

For projects upto 25 MW to be developed in IPP mode, there will be deferring and staggering of free power (12% of energy generated on bar) for 10 years from actual date of commercial operations, in the following manner:

Year	Free Power

First year of Operation till end of Tenth year of operation	2% of energy generated on bar
Balance Concession period of 30 Year	12% of energy generated on bar + deferred free Power distributed over 30 years

The deferred free Power during the initial ten years of CoD shall be recovered during the balance concession period of 30 years in equal installments in addition to the standard 12 % free power.

b. Category-II Projects (above 25 MW and upto 100 MW).

For projects above 25 MW and upto 100 MW to be developed in IPP mode only, there will be deferring and staggering of free power (12% of energy generated on bar) for six years from actual date of commercial operations, as tabulated below.

Year	Free Power
First year of Operation	2% of energy generated on bar
Second and third year of operation	4% of energy generated on bar
Fourth and Fifth year of operation	6% of energy generated on bar
Sixth and Seventh year of operation	8% of energy generated on bar
Eighth and ninth year of operation	10% of energy generated on bar
Tenth year of operation	12% of energy generated on bar
Balance Concession period	12% of energy generated on bar + Balance of deferred free Power in equal installments over a span of 30 years.

- x. **Exemption from water usage charges.**
- xi. All the projects allotted under this policy shall be provided incentives, by way of exemptions on the water usage charges payable, in term of **Section 137 of J&K Water Resources (Regulation and Management) Act 2010.**
- xii. Developers can obtain the benefits of Carbon credits.
- xiii. 100% exemption from payment of registration fee and stamp duty for purchase /lease/mortgage of land required for Hydro Power Projects. However, if the developer fails to develop the project within the specified timelines or any timelines approved by the Nodal agencies/GoJK, the developer is required to pay all the applicable charges including registration fee and stamp duty for the acquired land.

11. ROLES AND RESPONSIBILITIES OF THE EMPOWERED COMMITTEES/ DESIGNATED AGENCY AND THE DEVELOPER:

- i. The Empowered Committees/ Designated Agencies, on behalf of the Government of Jammu and Kashmir, shall identify the potential sites, undertake the pre-feasibility studies / DPRs in a time bound manner, conduct bidding processes for award of projects along with carrying out the necessary documentation, sign Implementation agreements, and take over projects from the IPPs after the concession period as per terms and conditions of this policy/Implementation agreement. The Empowered Committee/ Designated Agency shall have the right to enter upon the project

- premises for inspection at any time, from the time of allotment upto the expiry of Concession Period.
- ii. Successful bidders shall prepare the Bankable DPRs (if not already prepared and provided by the Empowered Committees/ Designated Agencies) and if provided by the Empowered Committees/ Designated Agencies update and revise the same, if required, as per the applicable guidelines for "Preparation of Detailed Project Report" issued by MNRE through Hydro and Renewable Energy (HRED) formerly known as Alternate Hydro Energy Centre (AHEC) (AHEC-IIT Roorkee) and as per the Guidelines for Formulation of Detailed Project Reports for Hydro Electric Schemes issued by CEA, Ministry of Power, Government of India.
 - iii. Developer shall be responsible for complete concept to commissioning of the HEPS including but not limited to survey and investigations, land acquisition, identification of transmission system for the evacuation of power, preparation/review/updating of DPRs, obtaining all requisite clearances and approvals, construction, testing and successful commissioning and thereafter operation and maintenance of the projects during the concession period as per SOPs and best industrial practices. The transmission system for evacuation of power shall form part of the Project and included in the DPR in consultation with Empowered Committees/ Designated Agencies, keeping in view the integrated system requirements.
 - iv. The projects shall be offered for the Concession Period of 40 years from the Scheduled Commercial Operation Date (SCOD) or date of commissioning of first unit of the project whichever is earlier.
 - v. At the end of the Concession Period of forty years, the project along with all allied infrastructure including but not limited to roads, buildings and other assets or any infrastructure developed for tourism purpose or any other purpose shall mandatorily be transferred to GoJK free of cost without any consideration and without any encumbrances. The Concession Period may, however be, extended beyond 40 years on mutually agreed terms and conditions for which final discretion shall lie with GoJK.
 - vi. The Project along with all assets shall be maintained by the IPP in a condition that would ensure residual life of the project at the rated capacity for at least 20 years at any point of time including the time of transfer of the project to the Government of Jammu and Kashmir by the IPP.
 - vii. The Empowered Committee/ Designated Agency of Government of J&K would carry out mandatory inspections on regular basis to ensure the same. The IPP shall provide unhindered access to the Empowered Committee/ Designated Agency of Government of J&K to enter the project during construction and during the concession period of 40 years. Developer is bound to share all the details regarding the project with the GoJK at any point of time.
 - viii. If such inspections reveal that the plant capacity and/or residual life of the project are being undermined due to inadequate maintenance or insufficient capital infusion, The Government of J&K shall instruct remedial measures to be taken by the developer. The developer shall be given notice period of 90 days to take remedial measures, failing which, the GOJK shall have the right to terminate the agreement with the developer and take over the project before expiry of the concession period.
 - ix. The developer will be responsible for all project related activities pertaining to environmental aspects, Rehabilitation and Resettlement (R&R), Environment Impact Assessment (EIA) studies and preparation of Environment Management Plan (EMP) and its implementation. These measures shall be governed by Central/ State policies and guidelines in this regard.
 - x. Empowered Committees/ Designated Agency shall facilitate the developer during the processes of approval of aforesaid plans within GoJK/GoI but this shall not

- absolve the IPP from the prime responsibility of securing all requisite clearances and abiding by the conditions stated therein on its own.
- xi. In case of canal fall schemes, the availability of water in the canal will be subject to Drinking water/irrigation demand and to that extent the developer shall not have any right over water for power generation. The overall planning of water should be in line with compliances and requirement of the National Water Policy 2012 or any revision thereof, as per order of precedence of the water usage mentioned therein.
 - xii. Construction of project infrastructure including approach roads, arrangement for water supply, power for construction purposes, etc. shall be the responsibility of the IPP and the cost thereof shall be borne entirely by the developer and all the infrastructure shall be the property of the Government of J&K after concession period.
 - xiii. Since potential sites would be notified on the basis of preliminary reconnaissance and PFRs only, the developer should mandatorily make site visits to verify various project related parameters viz. Hydrological parameters, discharge, head, , habitation, R&R, Land acquisition, Land type etc. The information contained in the PFR/RFP shall only be indicative and Empowered Committees/ Designated Agency shall not be responsible for the accuracy of the information contained therein. Developer shall also ensure that the project components do not fall in wild life sanctuaries, national parks, eco protection zones, etc. and also do not interfere / overlap with the existing/ on-going Hydel Projects. Developer can identify on its own any unidentified site for the development of project. Developer shall submit the proposal in the form of DPR to the Empowered Committees/ Designated Agencies based on the project capacity for its award. The processes of allotment will be strictly governed by the SWISS CHALLENGE METHOD with first right of refusal given to the bidder who has identified the project. The detailed modalities shall be worked out at the RFP/RFQ stage only. Minimum Threshold Upfront premium to be paid by the developer in this case would be three times of the slabs given in the Annexure-1. In case of Swiss challenge method, the developer/nodal agency shall acquire NOC from other Nodal agency before tendering to avoid underutilization/overlapping of sites and submit Detailed Project report before tendering.
 - xiv. All projects awarded under this policy are required to obtain water usage licence in terms of conditions laid down in Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010. The TEC of project shall be issued only after the issuance of all major clearances, as per the list to be provided at tendering stage.

11.2 PROCESSES OF ALLOTMENT (IPP Mode):

- i. Eligibility for Small Hydro-Electric Projects up to 2 MW Capacity: Projects up to 2 MW capacity shall be exclusively reserved for bonafide residents of J&K, Co-operative Societies, Companies, Voluntary Societies, Trusts. This implies that in the first instance, only J&K residents will be allowed to submit bids. However, if no response is received from J&K residents in the initial bidding, the process shall be opened/ extended for non-J&K residents.
- ii. Eligibility for Small Hydro-Electric Projects above 2 MW and up to 5 MW Capacity: For SHPs above 2 MW and up to 5 MW, preference will be given to the bonafide residents of J&K and this includes Co-operative Societies, Companies, Voluntary Societies / Trusts, Partnership concerns; Sole Proprietorship concerns comprising wholly of bonafide J&K residents. In case of multiple applicants from J&K, additional preference shall be accorded to applicants from the relevant area and district by awarding extra or preferential marks.

- iii. **Mode of award: All** projects shall be advertised in order to seek competitive bids through a proper and transparent e-tendering process on the basis of upfront premium **mechanism. The highest upfront premium quoted by the prospective developer will be the sole criteria for selection of the developer i.e. the project will be allocated to the developer quoting the highest upfront premium above the threshold premium. The minimum threshold upfront premium has been mentioned in Annexure-I of this Policy document.** A single stage bidding process shall be conducted. Each application in response to the advertisement shall be accompanied by a refundable Earnest Money Deposit (EMD)/Bid Bond as notified in the bidding document.
- iv. Pre-Qualification parameters/ Bidding variables and mode of participation shall be based on the guidelines issued by the Ministry of Power/Ministry of New and Renewable Energy, Government of India in line with the various other guidelines for procurement issued by Deptt. of Expenditure, Ministry of Finance, Gol and Central Vigilance Commission or as fixed by the GoJK and will be detailed in the bidding document.
- v. The successful bidder shall be required to deposit upfront premium and requisite performance security deposit within time lines prescribed in the policy as per **Annexure-I.**
- vi. If more than one bidder bids the identical financials for any site/station, the gradation list based on NIT (Notice Inviting Tender) criteria shall be the basis for allotment. The detailed mechanism shall be the part of the tender document.
- vii. Pumped Storage Projects (PSPs) shall also be awarded under this Policy in terms of "Guidelines to promote development of Pump Storage Projects (PSP)" issued by Ministry of Power, Gol, vide No. 1 5-14/9/2022-H-II (Part) dated 10th April, 2023 and amendments from time to time.
- viii. The GoJK may consider awarding Pumped Storage Projects (PSPs) directly to hydro power developers who have successfully commissioned hydroelectric projects in J&K, subject to clearances arising from any commitments or treaties entered into by the Nation, which shall be honoured in letter and spirit. Such developers shall be required to submit the Detailed Project Report (DPR) of the already commissioned project site, along with a comprehensive feasibility report for the proposed Pumped Storage Project.
- ix. Watermills, as an individual/community electricity generating enterprise using hydropower shall be encouraged. Such projects may be connected to the local distribution lines on the similar lines as of solar roof top to enhance livelihood of the locals. For development of watermills with electrical / electrical & mechanical output, the projects shall be awarded on first come first serve basis. The applicant shall submit the proposal to the GoJK. The Technical Committee of the GoJK shall scrutinize the case and recommend it for its award, if found Techno-economically viable, the developer must pay one time premium amount Rs. 25,000/- or as notified by Govt. from time to time. All the micro projects upto 100 kW capacity shall be exempted from free power provisions.
- x. Bundling of SHP with solar, wind, or with any other RE. Depending upon the feasibility, the developer shall be allowed to generate electricity from other RE sources and pump this additional energy to the system through the same transmission line. This energy shall also be counted as the generated capacity of the Power Project and qualify for free power royalty and payment of corresponding upfront premium. The

- augmentation shall be carried with prior approval of GoJK and after requisite NOCs from the other Government department/authorities/ regulatory bodies.
- xi. Transfer of project is only allowed one (01) year (minimum) after COD after acceptance by GoJK. The New allottee shall be required to sign a fresh Implementation Agreement and pay the additional premium (equal to the premium deposited by the original allottee).
 - xii. The IPP shall be permitted to incorporate a new public/private limited IPP in the form of Special purpose vehicle for the implementation of the Project with its Registered Office within Jammu & Kashmir. All rights and obligations under the Agreement shall thereafter be transferred to the new IPP. The IPP to whom the project is originally allotted shall be required to maintain an equity stake of 51% in the equity of the Project till (01) year (minimum) after COD. The private land, if any, required for the project will have to be acquired by the developer at its own cost and being part of the project would be property of the GoJK at the end of concession period. If it is Government land, it will be given on 40-year lease for the HEP through the GoJK (JKSPDC/ JAKEDA) for usage @ Rs 1/- per Sq mt. The Govt. land on lease shall be non-transferable and if the HEP related work is not started on the subject land within three years of accord of TEC & other statutory clearances, the same shall stand cancelled suo-moto. The Government land without mortgage rights to remain in the name of the GoJK. Wherever, forest land is involved, the Empowered Committees/ Designated Agencies will facilitate permission for use of forest land for non-forest purpose as per the Section 2 of Forest (conservation) Act, 1980 of Government of India or any amendment thereof. However, the compensation required to be paid for the purpose of forest land including the amount required for net present value, compensatory afforestation etc. will be paid by the Developer. All necessary assistance in this regard will be provided by the Empowered Committee/ / Designated Agency.
 - xiii. Small Hydro Power Projects usually involve tunnelling. All the land falling over a tunnel is notional which is never used and its acquisition should be avoided. Effort should be made to acquire only the land required for the tunnel openings like portals, adits, shafts and any additional work space deemed essential from operational, access or safety considerations in line with the process adopted by the NHAI/railways.

12. PROCESSES OF ALLOTMENT (in PPP Mode):

- i. The projects which would be covered under Central Financial Assistance to be provided by the Government of India/Ministry of Power/Ministry of New and Renewable Energy, GoI will be advertised under PPP mode by seeking tariff based competitive bidding. Based on the decision of GoJK, the stalled projects may also be taken up for development under PPP mode or as decided by GoJK.
- ii. All bidders will be subjected to pre-qualification as provided in the detailed RFQ. All pre-qualified bidders will be provided with the pre-feasibility studies in the shape of DPRs prepared by the Empowered Committee/Designated Agency under resource assessment of Hydro Power Potential which will be indicative in nature and Private Partner will be at liberty to optimize the project capacity subject to its acceptance by the relevant Empowered Committee/ Designated Agency.
- iii. Projects will be allotted to the technically qualified bidder quoting lowest tariff below the threshold tariff accepted by the Distribution Utility of GoJK. In no case, the projects shall be awarded without the acceptance of the tariff by the Distribution Utilities of

- Jammu and Kashmir.
- iv. If more than one bidder bids the identical minimum tariff for any site/station, the project shall be awarded to the bidder with highest grading in the technical qualification criteria to be defined in the respective tender document.
 - v. The Projects will be allotted based on tentative installed capacity as mentioned in the Notice Inviting Proposal. However, in case the capacity of the Projects increases/ decreases upon firming up of the potential as per TEC accorded by the competent authority, the bidder/developer shall be required to sign the fresh/revised MOU/IA with the GoJK, as the case may be.
 - vi. The proportion of equity investment by the Government of Jammu and Kashmir in Public-Private Partnership (PPP) mode will be determined at the stage of tendering and will be specified in the RFP/RFQ.
 - vii. The benefits applicable to the developers in IPP mode shall also be applicable to the PPP developers unless specifically debarred/applicable.

13.SCHEDULE OF EVENTS- TIMELINES

Timelines for execution of a project allotted to an IPP shall be as:

S.No.	Milestone	Indicative timelines (In Months)	
		Category- I Projects	Category –II Projects
1.	Letter of Award	T0	T0
2.	Payment of Upfront Premium along with Performance Guarantee(wherever applicable)	T0 + 4	T0 +4
3.	Investigation & submission of DPR by the IPP	T0 + 18	T0 + 18
4.	Obtaining of all the requisite Clearances & Licence from the concerned Departments & Authorities.*	T0 + 24	T0 + 24
5.	TEC of DPR by Empowered Committee/Designated agency/CEA after submission of all the necessary documents and clarifications by the IPP.	T0 + 28	T0 + 28
6.	Signing of Implementation Agreement between the IPP & the Empowered Committee of Government of J&K	T0 + 30	T0 + 30
7.	Scheduled COD of the Project	T0 + 72	Shall be fixed by GoJK, as per guidelines, while according TEC to the DPR/ scheme
8.	Handing over of the project to the government free of cost.	40 years after the Scheduled COD.	40 years after the Scheduled COD.

***Timelines indicated against milestone no.4 shall be based on actual time required for obtaining various clearances from different Ministries/Departments/Organizations/ Regulatory Bodies etc.**

13.1 The GoJK may consider granting extension to the developers on its request for fixing revised timelines, only if it is established that the slippage in timelines has occurred due to force majeure conditions or reasons beyond the control of the IPP in terms of the conditions stipulated in the NIT and letter of award.**13.2** Failure to meet the above timelines or revised timelines as per 10& 10.1 above will result in cancellation of allotment of the Project to the developer, and forfeiture of performance security without any compensation on account of any expenditure made on the project site/ investigations etc.

13.3. The developer may surrender the allotment if the formulation of the Detailed Project Report (DPR) within the stipulated time-frame demonstrates, to the complete satisfaction of the Empowered Committees or Designated Agencies, that the project is techno-economically unviable. On such surrender, the performance bank guarantee/security provided by the developer will be released and the upfront premium amount if any deposited would be refunded to the developer. In such an eventuality the Empowered Committee/ Designated Agency shall not compensate the Developer for any expenditure incurred on account of any work/investigation on the project.

14.SALE OF POWER

- I. GoJK shall have the first right of refusal for purchase of power generated from the project as per tariff to be determined by the regulator. **The time period for the first right of refusal by the GoJK/Distribution Utility shall be six (06) months from the date of application by IPP for Power Purchase Agreement. After the time period for first right of Refusal is over, the IPP shall be free to sell power to any consumer/ Utility within or outside the UT of J&K under open access.**
- II. In case Government of J&K through its trading utility purchase power from renewable hydro power projects as per tariff to be determined by the regulator, then a proper Ppayment Security Mechanism shall be put in place to ensure timely payment to the IPP for sale of power.
- III. For Selling Power outside, the ISTS charges for transmission of power shall be regulated in terms of the order No: F. No 23/12/2016-R&R (MoP) issued on 01.12.2022 and its amendments from time to time.

15.WHEELING CHARGES

- I. Subject to availability of transmission/wheeling capacity, Transmission and Distribution Utilities of GoJK will facilitate to transmit through its grid the power generated and make it available to the producer for captive use or third party sale within/outside J&K for which the IPP shall have to enter into wheeling agreement with the transmission / distribution utility of J&K on terms and condition in vogue.However, for sale of power within J&K, the wheeling charges shall be exempted.

16.GRID INTERFACING AND EVACUATION ARRANGEMENTS

- i. Grid connectivity to the generators including their evacuation will be in accordance with Grid Code Regulations issued by an appropriate Commission and amendments from time to time.
- ii. The interface metering will be in accordance with the concerned regulatory Authority (and its successor regulations as applicable from time to time) read with CEA (Installation and Operation of Meters) Regulations 2006.

- iii. The Developer will be responsible for laying lines for connectivity to the nearest grid sub-station at the appropriate voltage. Transmission Utility/ Distribution Utility will determine the specifications for the evacuation facilities required.
- iv. The entire cost of transmission from the project upto the interconnection point including cost of construction of line/towers, losses etc to make it fit for the purpose. will be borne by project developer. The maintenance of transmission system upto the interconnection point will be the responsibility of the developer till concession period. Inter- connection point shall be line isolator on outgoing feeder on HV side of generator transformer.
- v. The power evacuation from the inter connection point shall be ensured by the Transmission Utility/ Distribution Utility of J&K.

17.BANKING

- i. Developers can avail the facility of banking of energy within a fixed period of three months, which would be specified in the standard wheeling and banking agreement. The point of banking-in would be the inter-connection point at which the developer would feed the energy into J&K PDD (Transmission/Distribution utility) system.
- ii. The energy banked into the grid by the IPP shall be valued at the average pooled purchase price paid by J&K PDD during the month in which the energy was banked-in (i.e., added to the J&K PDD system). The credited amount for the banked-in energy will be adjusted against the value of the banked-out energy, which will be monetized using the average pooled purchase price applicable during the month of banking-out (i.e., when the developer withdraws energy from the J&K PDD system).
- iii. However, the developer is expected to sell power on a Round-The-Clock (RTC) basis. In case, the developer chooses to sell power only during specific time slots (typically when prices are higher) rather than on an RTC basis, then the difference between the actual sale price and the average pooled purchase price for that month will be recovered from the IPP, to ensure that J&K PDD does not incur any losses on this account.
- iv. The banked-out energy shall be deemed to have been delivered at the inter-connection point. The developer would be required to pay the difference between monetized value of the banked-in and the banked-out energy and the peak period differential adjustment within a period of 30 days failing which a penal interest will be levied on the outstanding amount. Similarly, in case of a balance to the credit of the developer, it shall be payable by J&K PDD within 30 days with a provision of penal interest on overdue settlement.
- v. In case the developer fails to bank-out the quantum of energy banked-in within three months from the date of banking-in, it shall be presumed that the developer is not willing to sell that energy. Consequently, the energy shall be deemed to have been sold to J&K PDD at the average pooled purchase price applicable during the month in which the energy was banked-in.

18.IMPLEMENTATION AGREEMENT

The developer will sign an implementation agreement with the respective Empowered Committee/ Designated Agency within time frame specified in the

schedule of Events-Timelines as mentioned herein before or as per the tender document whichever, Empowered Committees/ Designated Agency deem fit. The central departmental committee as mentioned in clause 9 of this policy shall be responsible for monitoring of the projects and timely obtaining the requisite clearances for implementation of the Projects.

19.REGULATORY OVERSIGHT

Aspects of this policy that require Regulatory approvals from the concerned regulatory Authorities within UT of Jammu and Kashmir would be subject to such approvals being given and would apply in the manner approved by the Regulator and shall be deemed to be accepted by the Developer unconditionally.

20.DUE DILIGENCE

The Developer will be responsible for carrying out due diligence with regard to his compliance responsibilities under various applicable Central/Jammu and Kashmir/other laws/regulatory requirement/ rules and regulations, and ensure compliance with the same. Any impact of non-compliance/compliance of the same shall not be the responsibility of the Empowered Committees/ Designated Agency. During the term of construction and concession period, the Developer will reasonably cooperate with due diligence, in any review conducted by the Empowered Committee/ Designated Agency or any other Government Department in connection with the project execution.

21.TECHNO-ECONOMIC CLEARANCE/ CONCURRENCE OF STATUTORY AUTHORITIES FOR THE DEVELOPMENT OF PROJECTS IN IPP MODE

- I. Developer shall Prepare/update DPR as per the applicable guidelines of CEA/ CWC/ GSI/ MNRE/ HRED, IIT Roorkee based on the project capacity including but not limited to carrying out all requisite survey and investigations. The structure of DPR/ details to be included in the chapters of the DPR must be in line with the latest guidelines in vogue for preparation of DPR for Hydro power electric schemes, issued by CEA, MoP, Gol and MNRE (HRED, IIT Roorkee's guidelines).
- II. Techno-Economic Clearance (TEC) of DPR will be accorded by GoJK/ CEA for fixing power potential, safety and quality specifications within a period mentioned in the Timelines months subject to the conditions that developer shall submit DPR to the GoJK as per the pre-defined timelines mentioned herein before. Developer shall also provide the additional data/ clarification to the GoJK, as and when required during the appraisal of DPR on the fixed timelines communicated during the appraisal processes. Any inordinate delay attributable to the Developer shall attract cancellation of allotment and forfeiture of performance security.
- III. The TEC shall be issued in favour of the Project, only after the issuance of major clearances/Licences/ NOCs, as per the list provided at the time of RFQ.

22.SETTLEMENT OF DISPUTES

22.1 DISPUTE RESOLUTION THROUGH AMICABLE SETTLEMENT

The Parties (GoJK and Developer) shall use their best efforts to settle amicably all disputes arising out of or in connection with the implementation agreement or the interpretation thereof.

- I. No dispute or difference arising between the GoJK and the Developer, under or relating to Implementation Agreement shall be referred to adjudication, unless an attempt has first been made to settle the same amicably. Amicable settlement will be deemed to have failed if either party notifies the other, in writing, of the same.
- II. Any dispute, in respect of which the GoJK and the Developer have failed to reach at an amicable settlement, shall be settled by reference to adjudicator

22.2 DISPUTE RESOLUTION THROUGH ADJUDICATION

If the parties fail to resolve such a dispute or difference by mutual consultation, then the dispute shall be referred in writing by either party to the adjudicator, with a copy to the other party. The adjudicator shall be a retired permanent member of Institution of Engineers (J&K chapter) or an Independent Engineer empanelled by CEA, to be appointed by the executive head of department.

Within 28 days after receiving such reference, the Adjudicator shall give its decision which shall be reasoned and shall be binding on both the parties, who shall promptly give effect to it unless and until it is revised in an amicable settlement.

The Adjudicator shall be bound by following terms while adjudicating the dispute: -

- I. The Adjudicator shall pass an award strictly as per the terms and conditions of the letter of award and Implementation agreement. Any award contrary to the terms and conditions of letter of award and Implementation agreement shall be void and not enforceable.
- II. The Adjudicator shall not award pre-reference, pendent lite interest on any claim awarded in favour of any party.
- III. The Adjudicator shall pass a speaking award with reference to each item of dispute.
- IV. The venue of adjudication shall be in the UT of Jammu and Kashmir.
- V. The Adjudicator shall be paid fee plus reasonable expenditures incurred in the execution of its duties as Adjudicator. This cost shall be divided equally between the GoJK and the Developer.
- VI. The language of the Adjudication proceedings and of all documents and communications between the Parties shall be English.

If either party is dissatisfied with the Adjudicator's decision, then either party, may within 28 days after receiving the decision, give notice of its dissatisfaction to the adjudicator. If the Adjudicator fails to give its decision within the period of 28 days after receiving such reference, then either party, may within 28 days after the period has expired, give notice to other party of its dissatisfaction.

If the Adjudicator has given its decision and no notice of dissatisfaction has been given by either party within 28 days after it received the decision of the Adjudicator, then the decision of the Adjudicator shall become final and binding upon both the parties.

Where notice of dissatisfaction has been given, both the parties shall attempt to settle the dispute amicably. In case of failure, Dispute shall be resolved through referring the matter to arbitration.

22.3 DISPUTE RESOLUTION THROUGH ARBITRATION

Where any Dispute arising out of or in connection with Implementation agreement;

- I. is not resolved as provided for in clause 22.2 above.;
- II. falls within the scope and purview of statutory arbitration under the provision of the Law;

then such Disputes shall be submitted to arbitration in accordance with the Indian Arbitration and Conciliation Act, 1996 at the request of either Party in writing to the other Party. The following provisions shall then apply:

- I. The rights and obligations of the Parties shall remain effective during the arbitration proceedings;
 - II. The place of arbitration shall be J&K,
 - III. The language of the arbitration shall be English; and
- Any dispute submitted to arbitration shall be considered by three (3) arbitrators, two of whom shall be nominated, one by GoJK and one by Developer. If within thirty (30) days of the receipt of a party's notification of the appointment of an arbitrator, the other party has not notified the first party of the arbitrator it has appointed, the first party may apply for the appointment of the second arbitrator in accordance with the Indian Arbitration and Conciliation Act, 1996. The third arbitrator will be nominated by the two existing arbitrators or, failing such nomination within thirty (30) days of the appointment of the second arbitrators, shall be appointed in accordance with the Arbitration Act.

22.4 DISPUTE RESOLUTION THROUGH COURTS OF J&K:

Where any Dispute arising out of or in connection with implementation agreement, is not resolved as provided for in clause 22.3 above, then such Disputes at the request of either Party in writing to the other Party, shall be referred to the courts of J&K.

23. IMPORTANT TERMS, CONDITIONS AND COMPLIANCES.

- i. **Techno-Economic Clearance:** For setting up the HEPs, Techno Economic clearance (TEC) of Empowered Committees/Designated Agencies/CEA shall be obtained as per the procedure applicable from time to time. Developer in no case shall start project construction before accord of the TEC and any such act will result in cancellation of allotment of the Project allotted to the IPP, and forfeiture of performance security without any compensation on account of any expenditure made on the project site/ investigations etc.
- ii. **EIA/EMP:** Based on the size of the project and impact on the environment and in line with the directions of various guidelines, developer shall carry out Environmental impact assessment followed by Environmental management plan, which must include but not limited to Catchment Area Treatment Plan, Afforestation Plan, Water Management Plan etc to be dully approved by the GoJK.
- iii. **LADF guidelines compliance:** All the developers are required to pay monetized value of 1% of energy generated towards Local area development fund strictly in terms of condition of Government Order No: 132-PDD of 2014; dated 20.06.2014 immediately after the commissioning of the Project
- iv. **Revised Capacity:** The Projects will be allotted on the basis of tentative installed capacity as mentioned in the Notice Inviting Proposal/RFQ/RFP. However, in case the

capacity of the Projects increases/ decreases upon firming up of the potential as per TEC accorded by the competent authority, the Developer shall be required to sign the fresh/ revised IA with the GoJK as the case may be. In all such cases, upfront premium, performance security and tariff shall be in accordance with the revised capacity.

- v. **Project Augmentation:** During the preparation of the DPR or at any stage of operation, if the developer finds an additional scope of augmentation of the project out of the same water availability and topographical features, the developer shall in written request to the GoJK seek a prior approval for development of balance potential. All the terms and conditions of this policy, RFP/IA shall be applicable to the augmentation of the Project allotted. The Developer shall have no claim on any Project upstream and downstream of the Project.
- vi. This policy is applicable for all projects allotted after notification of this policy and shall supersede the previous policy/policies. All projects allotted prior to issuance of this policy shall however continue to be governed by the policies under which these were allotted unless specifically mentioned in this policy.
- vii. **Local Area Employment:** Based on suitability, availability and eligibility, the developer shall engage the services of the local area for skilled jobs. For unskilled works, the Developer shall reserve a percentage of minimum 70% from the local area subject to availability and suitability with first right to project affected families and project effected area.
- viii. **Eco Flow:** In terms of the direction of the Hon'ble National Green Tribunal (NGT) in OA 498 of 2015 and any subsequent norms fixed by the relevant govt. agency from time to time, the Developer shall ensure minimum flow of 15% water (eco-flow/environment flow) immediately downstream of the diversion structure of the Project at all the times including lean seasons from November to March. The Regional Offices of MoEF & CC and the Central Pollution Control Board (CPCB) along with the State Pollution Control Boards concerned have been mandated for monitoring of all the environmental aspects of the Hydro Power Projects, including maintenance/release of environmental flows.
- ix. **Pre-Development Costs:** The Developer shall pay to the GoJK the amount spent by them on investigations, workforce, preparation of DPR and infrastructure works of the Project up to the date of signing of Letter of Award, within the period mentioned in the Tender Document (RFQ/RFP).
- x. **Disaster Management plan:** Based on the size of the project and as per specific guidelines of Disaster Management Act, 2005 and complexity of the project and anticipated consequential impacts during EIA studies, the Developer shall be required to prepare Disaster Management Plan and its implementation taking into consideration the different flood eventualities, cloud bursts or any kind of natural calamity at various stages of construction and operation of the Project and their mitigation measures. Developer shall include the same in the DPR to be submitted for appraisal (TEC). After approval of the same, copy of Disaster Management plan shall be provided to the concerned District Development Commissioner for the purpose of integration of same with District Disaster Management Plan.
- xi. In case any existing facilities including but not limited to, irrigation systems, water supplies, roads, bridges, buildings, communication System(s), power systems and water mills are adversely affected because of the implementation of the Project, the Developer shall be responsible for taking remedial measures to mitigate such adverse effects. The cost of the above remedial measures shall become a part of the Project cost. Such facilities shall be mutually identified and agreed upon between the developer and the concerned Government Department/local body etc. The

Developer shall not interfere with any of the existing facilities till an alternate facility, as identified, is executed and declared fit for the purpose by the concerned Department.

- xii. The precedence for water usage shall always be followed as per State Water Policy and National Water policy in that order of preference.

24. RENOVATION, MODERNIZATION AND MANAGEMENT OF EXISTING POWER PLANTS UP TO 25 MW.

Some of the existing small hydropower stations in UT of J&K have outlived their efficient operative life and some of them are working at sub optimum level or became defunct on account of various reasons. This has resulted in unplanned outages and frequent breakdowns. As a result, availability factor and the Plant Load Factor of a number of plants are below satisfactory level. Therefore, professional management and private enterprise in renovation and modernization programme is necessary to be introduced to increase the operating efficiency of the existing plants. The process of renovation and modernisation involves substantial investment. The renovation and modernisation of some of the existing small hydropower plants shall be kept open for private sector/joint sector or cooperative participation which can help in bringing in more efficient management practices leading to greater availability of power. Such renovation/extension programmes can extend the life by another 20-30 years at a fraction of the cost of a new plant and may also increase their generating capacity. In such a case, the additional power on account of enhanced generation shall also be mandatorily purchased by GoJK.

Government will encourage the renovation and modernisation and management of some small hydropower plants through private participation with any of the following routes suitable to the GoJK.

- Lease, Rehabilitate, Operate and Transfer (LROT)
- Joint ventures with JKPDC/JAKEDA;
- Development through IPP mode with upfront Terminal value.

The detailed modalities shall be part of the tender document for the development of these projects. However, the basic framework for the development of these projects shall be governed by this policy only with extension of any or combination of various incentives/exemption/concessions mentioned herein above as viability gap funding, on case-to-case basis.

XXXXXXXXXX

ANNEXURE

Annexure-I

The Minimum upfront premium to be paid by the successful

S.no	Capacity (in MW)	Minimum Threshold Upfront premium	Security Deposit
1	Projects upto 5MW	INR two lac per MW	Successful Bidders shall return copy of Letter of award with remarks as "ACCEPTED" along with the performance security in the shape Performance Bank Guarantee (PBG) in the prescribed format as per the schedule of events- timelines at the rate of Rupees Ten Lac per MW (Rs 10.0 Lac/MW). The PBG shall be valid initially for a period of three years or in terms of the conditions of RFQ. The PBG shall be returned to the developer after successful wet commissioning of the project and issuance of completion certificate by the Empowered Committee/ Designated Agency.
2	5 MW to 25 MW	INR Four lac per MW	
3	25MW to 100 MW	INR Six lac per MW	

GoJK may revise the threshold premium as and when required. In case the installed capacity of the project, after finalization of the DPR by the IPPs duly approved/accepted, turns out to be different from the estimated capacity/Advertised capacity as specified in the bid document, the quoted upfront premium per MW and performance security would be payable in accordance with the capacity arrived on accord of TEC.