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# मध्यप्रदेश राजपत्र

## ( असाधारण )

### प्राधिकार से प्रकाशित

क्रमांक 254]

भोपाल, सोमवार, दिनांक 28 मई 2012—ज्येष्ठ 7, शक 1934

#### ऊर्जा विभाग

मंत्रालय, वल्लभ भवन, भोपाल

Bhopal, the 28<sup>th</sup> May, 2012

#### POLICY

**No. F- 1- 01/ 09 / XIII:** The Government of Madhya Pradesh (GoMP) formulates this Policy, namely the **Madhya Pradesh (Investment in Power Generation Projects) Policy, 2012** for implementation of Thermal power projects in the State by Independent Power Producers (IPPs).

This Policy will be applicable to all future Independent Power Producers (IPPs) who intend to setup Thermal power projects and seek assistance of Government of Madhya Pradesh in this regard. This policy supersedes provisions of Madhya Pradesh **(Investment in Power Generation Projects) Policy, 2010** in so far as it relates to the policy for future projects.

To meet the objectives of this Policy, the GoMP, on a first come first serve basis, shall execute a MoU as per annexure 1 with only those developers who meet the qualification criteria according to this Policy. However, it shall not be binding on the GoMP to execute a MoU, with any Developer, who meets all the qualification criteria under this Policy.

#### A. Policy for IPPs

Henceforth, MoUs under this Policy shall be executed and be governed by the following Policy provisions.

## 1. Eligibility Criteria for selection of Developer

- a. **Technology:** A power project of any capacity based on the conventional fuel (coal or gas), but preferably utilizing super critical / ultra super critical / CFBC technology or integrated coal / IGCC technology or carbon sequestration technology shall be developed.
- b. **Technical Criteria:** To demonstrate technical capacity and experience, the Developer / IPP company signing an MoU shall satisfy the following:
- i. The Developer must have experience in development / construction of projects (not necessarily in the power sector) during the last ten (10) years, whose aggregate capital cost must not be less than the amount equivalent to Rs. 0.75 crore per MW of the maximum capacity (expected gross capacity) of the power station proposed to be set up. Out of these projects, the capital cost of at least one project should be equivalent or more than Rs. 0.125 crore per MW of the maximum capacity (expected gross capacity) of the power station proposed to be set up. For this purpose, capital expenditure incurred on projects that have been completed at least seven (7) days prior to the date of the Expression of Interest (EOI) shall be considered. Further, in case a clearly identified part of a project has been put into commercial operation, the capital expenditure on such part of the project shall be considered, if certified as completed, by the statutory auditor of such Developer.

Development of project shall mean successful commissioning of a project in which the single company / lead member in case of a consortium / such company(ies) that directly or indirectly control(s)<sup>1</sup> or is controlled by or is under common control with the single company or the lead member of the consortium held equity stake of not less than twenty-six percent (26%) from the time of financial closure till the time of commissioning of such project(s).

- ii. The Developer signing a MoU for developing a power project under this Policy may be a single company or a consortium of companies coming together to develop the Power Project.
- iii. However, in case of a consortium, one of the member companies shall be identified as the lead member in the consortium. The criterion (i) above shall apply to the lead member in case of a consortium; in which case the Lead Member's share in the SPV shall not be less than fifty one percent (51%). Change in constituents of the consortium, other than the lead member, will be permissible till the signing of the Implementation Agreement (IA). However, the change in the constituents of the consortium, except for the lead member, after signing of IA, and before executing the PPA, shall require express written consent of the Secretary (Energy), GoMP. Post execution of the PPA, this shall be governed by the provisions of the PPA. Change in the lead member shall not be permitted at any stage.
- iv. In case the Developer is a single company, it shall sign the MoU and the Implementation Agreement under this Policy with the GoMP. In case the Developer is

<sup>1</sup> Control shall mean ownership by one (1) company of at least twenty six percent (26%) of the voting rights and equity of the other company.

a consortium, then the lead member, on behalf of the consortium, or the SPV, shall sign the MoU and Implementation Agreement under this Policy with the GoMP.

c. **Financial criteria:** The Developer signing the MoU must fulfill following minimum financial requirements:

i. **Net-worth:** Rs. 0.50 crore or equivalent US\$<sup>2</sup> per MW of the proposed capacity of the project proposed to be set up, if the maximum capacity does not exceed 2,000 MW. In case the maximum capacity of the project proposed to be set up exceeds 2,000 MW, the net worth requirement shall be Rs. 1,000 crores or Rs. 0.25 crore per MW or equivalent US\$ of the proposed capacity whichever is higher. The above computation shall be derived from any of the past three (3) years audited annual accounts of the Developer.

In case the Developer has issued any fresh equity capital during the current financial year but until a date seven (7) day prior to the submission of the EOI, the same shall be permitted to add to the Developer's Net-worth subject to the statutory Auditor of the Developer certifying to this effect.

**Net-worth** for this purpose shall be computed as below

• **Net-worth**

=	Share capital <sup>3</sup>
Add:	Reserves
Subtract:	Revaluation reserves
Subtract:	Intangible assets
Subtract:	Miscellaneous expenditures to the extent not written off and carry forward losses.

ii. **Annual Turnover:** Rs. 1.20 crore or equivalent US\$ per MW of the proposed capacity of the project to be set up, if the maximum capacity does not exceed 2,000 MW. In case the maximum capacity of the project to be set up exceeds 2,000 MW, the annual turnover requirement shall be Rs. 2,400 crore or Rs. 0.60 crore or equivalent US\$ per MW of the proposed capacity of the project, whichever is higher. The above computation shall be derived from any of the past three (3) years audited annual accounts of the Developer.

d. In case of interest expressed by a consortium under this Policy, the financial criteria shall be met individually and collectively by all the Members in the Bidding consortium and shall be computed in proportion of their proposed equity stake in the SPV as mentioned in the consortium agreement.

e. For the purposes of meeting the financial criteria, the single company / lead member of the consortium may use the financial capability of such company(ies) that directly or indirectly controls or is controlled by or is under common control with the single company / lead member of the consortium.

<sup>2</sup> The US\$-Indian Rupee Exchange rate for the purpose of this Policy shall be considered as the corresponding TT buying rate specified by the State Bank of India seven days before the date of signing the MoU.

<sup>3</sup> Share capital for this purpose shall only include equity share capital with voting rights

- f. For the purpose of meeting the technical and financial criteria, only unconsolidated audited annual accounts shall be used. However, audited consolidated annual accounts of the Developer being a single company / lead member of a consortium / SPV may be used for the purpose of financial criteria provided such single company / Lead member in case of a consortium / SPV has at least twenty-six percent (26%) equity-in-each-company whose accounts are merged in the audited consolidated accounts and provided further, that the financial capability of such companies (of which accounts are being merged in the consolidated accounts) shall not be considered again for the purpose of evaluation of the financial criteria.
- g. In case of a consortium signing a MoU under this Policy, the lead member shall be responsible for performance of all the duties and obligations of the Developer under this Policy.

## 2. Administrative Support

- a. **Land:** It shall be the responsibility of the Developer to identify the project site. The Developer / SPV shall undertake a preliminary feasibility of acquiring land at the potential sites, make all possible endeavors to procure land and only if necessary, the Government may be approached to for land acquisition. Government may facilitate acquisition of private land subject to the provisions of Land Acquisition Act and prevalent Rehabilitation and Resettlement policy. Available Government land can be allotted for such IPPs as per prevalent Government regulations.
- b. **Water:** The State Government, through its Energy Department will provide necessary assistance for allocation of water from the source identified by the developer, in accordance with the provisions of the applicable law and rules subject to availability.
- c. **Fuel Sourcing:** The responsibility of sourcing and transportation / supply of fuel to the project shall lie with the Developer. The State Government may recommend the fuel linkage to the project covered under this Policy.
- d. **Power Evacuation:** The State Government, through the State Transmission Utility or other assignees, will facilitate the clearances and approvals for connecting the Power Station to the nearest STU / CTU substation. However, the responsibility for obtaining the clearances and approvals shall remain with the Developer.

The Developer would need to bear the cost of dedicated transmission line required to connect the project to STU/CTU, cost of interfacing at both ends, and cost of replacement / up gradation / augmentation of existing equipment or transmission systems etc.

## 3. Supply of Power under this policy to GoMP or its nominated agency

It will be binding on the Developer to sell power to the extent of ten percent (10%) of the total power generated (ex-bus) to the GoMP or its nominated agency at variable cost, as determined by the Appropriate Electricity Regulatory Commission.

## 4. Charge on sale of electricity outside the state

- a. It will be binding on the Developer to contribute on annual basis a contribution @ 6 paise per unit of the energy sent out of the State from the Thermal Power Plant, during the relevant year as per procedure prescribed by the State Govt. in this regard.

- b. The amount to be deposited as stated above will be over and above the power provided to the state as per the provisions of Clause 3 above, but will not be made for energy sold within the State of Madhya Pradesh.

**5. Implementation methodology**

- a. A Developer, intending to setup an Independent Power Project under this Policy, shall be required to enter into a MoU with the Energy Department, GoMP.
- b. The MoU signed shall remain valid for twelve (12) months from the date of signing of such MoU. This period could be extended at the discretion of the GoMP.
- c. The Developer, signing a MoU under this Policy, shall be required to submit a Detailed Project Report (DPR) before signing the Implementation Agreement. This DPR should contain the details of generation technology, fuel, water and land utilization, environment pollution control technology, preliminary financial viability, expected tariffs, etc.
- d. The activities and milestones to be achieved by the Developers shall follow the schedule and timelines given in item 6. Unless extended by GoMP, non-compliance of the schedule within specified timelines shall result in cancellation of MoU and withdrawal of all facilities provided to the Developer.
- e. The Secretary (Energy), GoMP will regularly monitor the implementation of the project.

**6. Milestones and its timeline to be achieved by the Developer**

Sr. No.	Activities/ Milestone	Timeline	Documents to be submitted by the Developers on achievement of milestone
1	Technical and commercial Feasibility studies	Before signing the Implementation Agreement (IA)	Detailed Project Report (DPR)
2	Water Allocation	Before signing the Implementation Agreement (IA)	In Principle Water Allocation
3	Land Acquisition	At least twenty five percent (25%) of identified land acquired before signing the Implementation Agreement (IA)	Land Registration / Transfer deed / Land lease agreement
4	Environment Impact Assessment	Before signing the Implementation Agreement (IA)	Copy of ToR issued for appointment of consultant for carrying out EIA

7. An Implementation Agreement (IA) will be signed after achieving the above milestones within the validity period of the MoU as per the proforma attached as annexure 2 to this policy.

**8. Power to remove difficulties**

Notwithstanding anything contained in the foregoing sections of the Madhya Pradesh (Investment in Power Generation Projects) Policy, 2012, the Government of Madhya Pradesh, through the Energy Department, shall have the powers to relax / issue clarifications, if any, on any matter related to the interpretation of any provisions under this Policy in consultation with the concerned State Govt. Departments / Agencies, including necessary changes in the MoU, relaxation in the qualification criteria, Implementation Agreement and the standard power purchase agreement.

This Policy shall come into effect from the date of issuance and shall remain effective until further orders.

MOHAMMED SULEMAN, Secy. (Energy).