

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

**Clean and Green Energy – Development of Solar Power in Andhra Pradesh
– Andhra Pradesh Solar Power Policy – Order – Issued.**

ENERGY (RES-A1) DEPARTMENT

G.O. Ms. No.39

Dt. 26-09-2012

ORDER:-

In order to promote generation of power from Solar Power, the State Government hereby introduce the Andhra Pradesh Solar Policy 2012, as mentioned below :-

ANDHRA PRADESH SOLAR POWER POLICY -2012

PREAMBLE

Solar power is one of the important renewable energy sources. Govt have recognized the importance of Solar Energy as one of the future sources of energy and accordingly National Solar Mission was launched on 14.11.2009, under the brand name “Solar India” with an objective to maximize generation of power from solar energy.

Andhra Pradesh is one of the suitable locations for installing Solar Power Projects due to the following favorable factors:

- Availability of about 300 sunny days in a year with solar insolation of 5.5 to 6 KWh/m².
- Availability of widespread electric grid network, which facilitate Projects with easy connectivity.
- Growing energy demand in the State.

The present situation prevailing in the State with regard to substantial gap between the demand and supply position of power calls for taking immediate measures to augment production of energy through non conventional sources on fast track. Keeping in view the conducive environment present to encourage solar power and also the fact that the production of solar power is less time consuming, it has been decided to formulate the following policy to encourage generation of solar power in the State.

OBJECTIVE :

Main objectives of the Solar power policy are:

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

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4. To promote the Off-Grid Solar applications to meet the power needs on Stand-alone basis.
5. To contribute to overall economic development, employment generation and improvement in public services by provision of electrical energy for various needs.
6. To encourage Decentralised, Distribution Generation System in the State to reduce T&D losses.

1. Title

The policy shall be known as the “**Andhra Pradesh Solar Power Policy – 2012**”

2. Operative Period

The policy shall come into operation with effect from the date of issuance and shall remain applicable till 2017.

3. Eligible Developers

All registered companies, Central and State power generation/ distribution companies and public / private sector solar power project developers will be eligible for setting up of Solar Power Projects, either for the purpose of captive use and/or for selling of electricity, in accordance with the Electricity Act-2003, as amended from time to time.

The entity desiring to set up Solar Power Project, either for sale of power and/ or for captive use of power within the state, shall submit a proposal to the Nodal Agency.

4. Installed capacity

a) Utility Grid Power Projects for Captive use /direct sale to 3rd Party/States other than A.P. State

The State will promote Solar Power Developers to set up Solar Power Plants for captive use or sale of power to 3rd party/States other than Andhra Pradesh.

b) Utility Grid Power Projects for sale through RE (Solar) Certificate Mechanism

The State will promote Solar Power Developers to set up Solar Power Plants for sale through RE (Solar) Certificate mechanism. The Solar Power Developers will be required to apply for accreditation to the State Accreditation Agency and thereafter to Central Agency for registration and issuance of RE (Solar) certificate under REC mechanism as per order/regulations of appropriate Commission issued in this regard. SLDC will give clearance for REC applications within 15 days from the date of application. The Power generated from these power projects shall be purchased by AP DISCOMs at Pooled Cost of Power Purchase as determined by A.P.E.R.C. from time to time. The Solar Power Developers will sell RE (Solar) Certificates as per the regulations/orders of A.P.E.R.C.

5. Open Access for Third Party Sale

If the Open Access is granted to any developer, they shall pay the applicable Open Access charges and losses as approved by APERC from time to time for sale to third party outside the State.

6. Wheeling and Transmission Loss

Producer will bear the wheeling and transmission losses as per actual.

7. Banking

Banking of 100% of energy shall be permitted from January to December of that year. There will be no banking for energy produced being consumed on the same day. However, banked units can not be consumed/redeemed between February to June and also during peak hours i.e. 6.30 PM to 10.30 PM. Developer will be required to pay 2% of the banked energy towards banking charges. The energy unutilized by December of that year gets lapsed.

8. Incentive:

In order to encourage the immediate production of Solar Power to reduce the present gap in demand and supply position of power and provide industries with a possibility to utilise the power produced through solar power, following incentives will be extended to those solar power Developers who commission their solar plant by June 2014. These incentives will be in force for a period of seven years from the date of implementation.

a. Wheeling and Transmission Charges

There will be no wheeling and transmission charges for wheeling of power generated from the Solar Power Projects, to the desired location/s for captive use/third party sale within the state through 33 KV system subject to industries maintaining their demand within its contracted demand. However, wheeling and transmission charges for wheeling of power generated from the Solar Power Projects for sale outside the state will be as per APERC regulations

b. Cross Subsidy charges

Cross subsidy surcharge shall not be applicable for Open Access obtained for third party sale within the state subject to the industries maintaining their demand within its contracted demand with the DISCOMs. It is not applicable for captive use.

c. Electricity Duty exemption

All Solar Power projects will be exempted from paying Electricity Duty for captive consumption and third party sale within the state.

d. VAT refund

VAT for all the inputs required for solar power projects will be refunded by the Commercial Tax Department.

e. Refund of Stamp Duty and Registration charges

Industries Department will provide incentive in terms of refund of Stamp Duty and Registration charges for land purchased for setting up solar power project.

f. REC

All projects developed with the above incentives will also be eligible for REC benefits. Deemed injection into the grid for in-house captive solar generation plant (in the same premises) will be considered for issue of REC.

9. Grid Connectivity and Evacuation facility

The power generated from a Solar Power Project shall be injected at an appropriate voltage to the nearest sub-station of the AP Transco / Distribution Licensee.

The evacuation line from interconnection point to grid substation shall be laid by the APTRANSCO or DISCOM at the cost of the project developer. However, if the project developer wishes to lay evacuation line by themselves, they can do so by paying the supervision charges to APTRANSCO/DISCOM. APTRANSCO/DISCOMs will ensure the technical feasibility for evacuation is granted within 21 days of applying.

10. Land

It is the responsibility of the Project Developer to acquire the land required for the project.

11. Restriction on use of Fossil Fuels

No fossil fuel viz., Coal, gas, lignite, naphtha, wood etc., shall be allowed to be used in a Solar Power Plant.

12. Reactive Power Charges

The drawl of Reactive Power by the solar power plant shall be charged as decided by the APERC.

13. Nodal Agency

New and Renewable Energy Development Corporation of A.P. Ltd (NREDCAP) shall be the State Govt. Nodal Agency for clearance, facilitation and implementation of the proposed Solar Power Policy.

14. Project Monitoring

A "High Level Committee" constituted with the following members will monitor the progress of implementation of the Solar Power projects cleared under the proposed policy:

1. Principal Secretary, Energy Department
2. Principal Secretary, Industries and CIP
3. V.C.& Managing Director, NREDCAP (Member-Convener)
4. Chairman and Managing Director, APTRANSCO
5. Commissioner, Commercial Tax.
6. One C&MD of DISCOMs by rotation (One Year).
7. Representative of Finance Department.
8. Representative of FAPCCI and CII.
9. One representative from Solar Power Developers

If any difficulty arises in giving effect to this policy, the High Level Committee is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficulty either on its own motion or after hearing those parties who have represented.

15. Review

State Govt. will undertake review of this policy after a period of two years.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**MRUTUNJAY SAHOO
PRINCIPAL SECRETARY TO GOVERNMENT**

To

The VC & Managing Director, NREDCAP, Hyderabad.
The Chairman & Managing Director, APTRANSCO.
The Managing Director, APGENCO.
The Secretary, APERC.
All CMD of DISCOMs.
All Collectors & District Magistrates.
The Special CS to Government, EFS&T Dept., Govt. of A.P.,
The Principal Secretary to Government, Revenue Dept., Govt. of A.P.

Copy to

The Principal Secretary To Hon'ble C.M.
The P.S. to Hon'ble Minister for Finance, Planning, Small Savings & State Lotteries.
The P.S. to Hon'ble Minister for Revenue, Relief, Rehabilitation & ULC.
The P.S. to Hon'ble Minister for Major Industries, Sugar, Commerce & Export Promotion.
The P.S. to Hon'ble Minister for Agriculture & Agriculture Technology Mission.
The P.S. to Hon'ble Minister for Major and Medium Irrigation, A.P. Water Resources Development Corpn.
The P.S. to Hon'ble Minister for Housing, Weaker Section Housing Programme, A.P. Cooperative Housing Societies Federation and AP Housing Board.
The P.S. to Principal Secretary, Energy.
SF/SC.

// FORWARDED : BY ORDER//

SECTION OFFICER