

UNOFFICIAL DRAFT ENGLISH TRANSLATION OF WIND POLICY 2004.

Government of Maharashtra  
Industries, Energy and Labor Department  
Resolution No. Pawan 2004/P. No. 1274/Urja – 7  
Mantralaya, Mumbai – 400 032  
Date: February 26, 2004

**Introduction:**

Ministry of Non Conventional Energy sources, Government of India has decided to prioritize generation of energy from Non-Conventional Energy Sources. Government of Maharashtra has also decided to adopt this policy to encourage generation of power from Non Conventional Energy Sources. With the help of Ministry of Non-Conventional Energy Sources (MoNES), New Delhi and Center for Wind Energy Technology (C-WET), Chennai, Maharashtra Energy Development Agency (MEDA), has identified 28 feasible locations where wind power generation projects of 3650 MW power could be established. Considering the long-term benefits of wind power generation and in order to make these projects economically feasible, initially some financial incentives such as Soft loan, Green Energy Support, tax incentives or financial aid are given from the fund constituted by levying carbon tax on Conventional Energy Sources. The previous policy for Wind Energy Generation was in force till March 31, 2002. Based on the prevailing conditions of wind energy industry and the directive from Maharashtra Electricity Regulatory Commission on the tariff for the electricity generated from wind energy, Government of Maharashtra has decided to implement the following policy.

**Government Resolution**

**1. Feasible locations for Wind Energy generation**

MEDA has identified 28 feasible locations for wind energy generation. It has proposed to commission 750 MW of wind power projects at these locations by the end of 2007 through this new Wind Power Policy. MEDA shall study the technical and economical aspects of all the locations and submit a detailed project plan to the Government. MEDA will implement the project plan independently after approval from Government of Maharashtra.

**2. Infrastructure facility:**

Infrastructure facilities mainly include construction of approach roads to the location, erection of transmission lines and installation of substation required for power evacuation. As mentioned in point 1, MEDA will submit a project development plan report with estimated cost for the infrastructure development at the proposed locations to the Government of Maharashtra for approval. While preparing the report MEDA will consult MSEB for evacuation arrangement and Public Works Department or Maharashtra State Road Development Corporation for approach roads.

**3. Green Energy Fund:**

For the development of non-conventional energy projects, a Green Energy Fund in the State will be raised through imposing cess on commercial and industrial consumers. The money raised through this

Fund will be utilized for infrastructure facilities required for the development of non-conventional energy sources. A separate directive will be issued for the management of Green Energy Fund.

#### **4. Evacuation Management**

MSEB and MEDA will conduct a joint survey for the installation of HV and EHV substations and associated transmission and distribution lines required for the project. Based on estimate and technical specifications of MSEB, MEDA or private wind energy developers will undertake the work of erecting HV & EHV substations and necessary EHV transmission and distribution lines under supervision of MSEB on the basis of this joint survey. The development of infrastructure facilities include changes in already existing substations, modifications and strengthening of transmission and distribution lines and erection of 33 kV lines from wind energy projects to HV and EHV substations. 50% of the fund required for evacuation management will be made available through Green Energy Fund as a subsidy while the remaining 50% will be given as interest free loan.

MEDA will reimburse the expenses incurred by private developers for erecting and commissioning of evacuation arrangement from Green Energy Fund after the private developer has commissioned and handed over the evacuation arrangement to MSEB. The maximum amount that can be reimbursed depends on MSEB estimate and the availability of Green Energy Fund.

The commissioned evacuation arrangement will be handed over to the MSEB. The responsibility of repaying 50% component of the interest free loan will lie with MSEB.

The repayment of interest free 50% loan towards evacuation arrangement shall be made by MSEB in five equal installments in five years starting after one year from date of commissioning of evacuation arrangement. MSEB will not only own the evacuation arrangement but also maintain it.

#### **5. Approach Roads:**

Based on project report approved by Government, MEDA shall undertake the work of approach roads through Public Works Department or Maharashtra State Road Development Corporation. The 100% expenditure for approach road shall be met from Green Energy Fund.

#### **6. Electricity Duty:**

Under the new policy, if the electricity generated from the wind energy projects is used by industries for captive consumption, no electricity duty shall be levied for the first five years from the date of commissioning of the projects.

#### **7. Encouragement to Co-operative sector:**

If the cooperative sector install and commission wind energy project, then 11% share capital will be given to them as a grant from the Green Energy Fund.

#### **8. Letter of Credit:**

If an investor in wind energy project wants to sell electricity to MSEB and in order to get timely payment to him, MSEB will issue Letter of Credit (LOC) to the investor. The 100% expenditure incurred by MSEB for opening such LOC shall be paid by MEDA to MSEB as a subsidy from Green Energy Fund.

### **9. Other Matters**

All the decisions taken by Maharashtra Electricity Regulatory Commission (MERC) from time-to-time shall be made applicable to wind energy projects. For example, electricity tariff and related issues, energy purchase agreements and related issues, issues related to use of electricity by industries for captive consumption or third party sell or matters related to banking, wheeling and transmission and distribution losses.

### **10. Provisions under Electricity Act – 2003:**

Under the Provisions of Electricity Act 2003, encouragement for generation of electricity from non conventional energy sources, suitable arrangement for connection with the grid for generated electricity, sale of electricity to any consumers, fixing percentage of purchase of electricity generated from such sources by distribution licensees, these issues are fall under the jurisdiction of Maharashtra Electricity Regulatory Commission (MERC). The decisions taken by MERC from time-to-time shall be binding to all concerned.

**11.** The detailed working procedure for wind energy projects under this Wind Energy Generation Policy shall be issued separately.

By order and in the name of Governor of Maharashtra.

(Arun Shyamkul)  
Officer on Special Duty