

**GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA**

UNSTARRED QUESTION NO:5738

ANSWERED ON:30.04.2010

INCENTIVES FOR SOLAR AND WIND POWER PROJECTS

Gandhi Shri Feroze Varun;Reddy Shri Magunta Srinivasulu

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) whether the Government proposes to completely exempt imported equipment from levy to import duty for the setting up of Solar and Wind Power Projects;
- (b) if so, the details thereof;
- (c) whether the excise duty has also been reduced on the environment friendly light emitting diodes;
- (d) if so, the details thereof;
- (e) whether the Government also proposes generation based incentives for solar projects; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF NEW AND RENEWABLE ENERGY (DR. FAROOQ ABDULLAH)

(a)&(b): No, Madam. The Central Government exempts all items of machinery, including prime movers, instruments, apparatus and appliances, control gear and transmission equipment and auxiliary equipments and components required for the initial setting up of a solar power generation project or facility, when imported into India, from so much of the duty of customs leviable thereon which is specified in the first Schedule to the Custom Tariff Act, 1975 (51 of 1975), as is in excess of 5% ad valorem, subject to production of certificate from Ministry of New and Renewable Energy to the effect that goods are required for initial setting up of the project or facility for the generation of power using solar energy. Certain items such as parts of special bearings, gear box, yaw components, wind turbine controllers, blades for rotor, raw material for manufacture of blades, permanent magnets for synchronous generators above 500 kW wind electricity generators are also allowed to be imported under concessional custom duty.

(c)&(d): The Government has reduced the excise duty on the light emitting diodes lights from 8% to 4% in the current financial year.

(e)&(f): During 2008-09, the Ministry introduced generation based incentives for grid connected solar power projects. Under this scheme 11 project developers have signed power purchase agreements with the concerned state electricity utilities to set up solar power projects of 35 MW aggregate capacity. Under the Scheme, the Ministry will provide the GBI for a period of ten years, if the utility continues to purchase power from the project developer. The GBI is calculated as a difference of a notional amount of Rs. 15 per kWh for solar photovoltaic power projects and Rs. 13 per kWh for solar thermal power projects minus the tariff announced by the appropriate Electricity Regulatory Commission.

Government has recently launched the Jawaharlal Nehru National Solar Mission to develop solar energy technologies to make solar power competitive to conventional grid power by 2022. The Mission will be implemented in three phases. Government has approved the target to set up 1,100 MW grid connected solar plants, including 100 MW capacity plants as rooftop and small solar plants for the first phase of the Mission till March, 2013. The roof top and small grid connected solar power plants, which are connected to LT/11 KV grid, will also be supported in the first phase of the Mission. The appropriate State Electricity Regulatory Commission will fix tariff for purchase of solar power from such solar power plants and the Ministry will provide a generation based Incentive for power fed to the grid. The quantum of the GBI will be the difference of the tariff announced by the Central Electricity Regulatory Commission and the notional tariff of Rs. 5.5 per kWh. The project developer will sign a PPA with the concerned State utility. The draft guidelines have been discussed with the project developers and other stakeholders, but not finalized as yet.