

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4061
ANSWERED ON:26.08.2011
POWER PLANTS IN SEZ
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Will the Minister of POWER be pleased to state:

- (a) whether the Government has framed fresh guidelines for setting up of power plants in Special Economic Zones (SEZs);
- (b) if so, the details thereof;
- (c) whether under these guidelines there is provision to exempt power units in SEZs from Net Foreign Exchange Earnings (NFEE) obligations;
- (d) if so, the details thereof; and
- (e) the number of power units presently operating in SEZs along with the power generated by these units?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) to (d) :Guidelines have been issued by the Department of Commerce vide their instruction No. P.6/3/2006-SEZ I dated 27.2.2009 regarding power generation, transmission and distribution in SEZs. The salient features of the guidelines are:

- A power plant may be set up by developer/co-developer as an infrastructure facility in the non-processing area of SEZ. Fiscal benefits will be allowed only for initial setting up and not for operation and maintenance. Such power plants can supply power to the same SEZ/other SEZs and also to the Domestic Tariff Area. There will be no obligation to achieve positive Net Foreign Exchange Earnings for such power plants.

- A power plant may be set up as a unit within SEZ in the processing area. Such a power plant will be entitled to all fiscal benefits including fiscal benefits for operation and maintenance. Such power plants can supply power to the same SEZ/other SEZs and also to the Domestic Tariff Area. Such plant would be under obligation to achieve positive Net Foreign Exchange Earnings.

- A single standalone power plant can also be set up in an SEZ and such plant would be treated as a unit in the processing area. Such a power plant will be entitled to all fiscal benefits including fiscal benefits for operation and maintenance. Such power plants can supply power to the same SEZ/other SEZs and also to the Domestic Tariff Area. Such plant would be under obligation to achieve positive Net Foreign Exchange Earnings.

- While a generating company may establish, operate and maintain a generating station without obtaining a licence under the Electricity Act, 2003 distribution of power is a licensed activity. (However, provisions of Section 14 of the Electricity Act, 2003, have been amended vide Notification No. D.6/12/2009-SEZ dated 3.3.2010 in consultation with the Ministry of Power to exempt SEZs from the requirement of obtaining distribution licence under Electricity Act 2003).

- The guidelines also provide about determination of tariff, DTA clearance/clearance from processing area to non-processing area duties thereon and distribution licences etc.

- Applicability of other Acts, Rules and power resolutions issued by Ministry of Power from time to time.

(e) : As per information available in Department of Commerce, the following power plants have been set up in SEZs:

Sl. No.	Name of the SEZ	Set up by	Capacity	Date of Approval
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1	Reliance SEZ Jamnagar	M/s. Reliance Utilities Pvt. Ltd.	720 MW	21.6.2006
2	Mundra Port and SEZ	M/s. Adani Power Ltd.	5200 MW approved	16.8.2007 & (plant being set up only for 4620 MW) 5.6.2009
3	Dahej SEZ	M/s. Torrent Energy Ltd.	1500 MW	10.10.2008
4	Moser Baer India Ltd., Greater Noida	M/s. Moser Baer India Ltd.	17.10 MW	8.10.2009

