

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1033

ANSWERED ON:29.11.2012

HYDRO POLICY

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**Will the Minister of POWER be pleased to state:**

- (a) whether the Union Government had introduced a Hydro Policy in the year 2008 to develop hydro power sector;
- (b) if so, the details thereof and the achievements made so far;
- (c) whether any new hydro power projects have been set up since the introduction of this policy;
- (d) if so, the details thereof, project-wise and State-wise;
- (e) whether any review of the policy has been made; and
- (f) if so, the details thereof?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER ( SHRI JYOTIRADITYA M. SCINDIA )

(a) & (b) : The Government introduced a new Hydro Policy in the year 2008 to develop hydro power sector. The salient features of the policy including amendment made in July, 2011 are given below:

The cost plus Tariff regime (in which tariff is to be determined by the regulator under section 62 of Electricity Act, 2003) has been extended for public as well as private sector hydro power projects up to December 2015.

Transparent selection criteria for awarding sites to private developers.

Enables developer (public as well as private sector hydro developers) to recover his additional costs through merchant sale of upto a maximum of 40% of the saleable energy. 5% reduction for a delay of every six months – Balance power is to be tied up through the long term Power Purchase Agreements (PPAs).

For 10 years from the date of commissioning of the project, developer to provide 100 units of electricity per month to each Project Affected Family (PAF) - in cash or kind or a combination of both.

Project developer assists in implementing rural electrification in the vicinity of the project area and contributes the 10% share of the State Government under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme.

Additional 1% free power from the project for a Local Area Development Fund, - regular revenue stream for welfare schemes, creation of additional infrastructure and common facilities.

The State Governments are also expected to contribute a matching 1% from their share of 12% free power.

(c) & (d) : A hydro capacity addition (25 MW & above) aggregating to 3444 MW has been commissioned during the last four years and current year (from April, 2008 to till 15.11.2012). The detail of these projects is enclosed at Annex.

(e) & (f) : In July 2011, an amendment has been made to the policy by which the Government has decided to extend the cost plus Tariff regime (in which tariff is to be determined by the regulator under section 62 of Electricity Act, 2003) for public as well as private sector hydro power projects for a further period of five years i.e. upto December 2015. Further, public as well as private sector hydro developers have been allowed to recover their additional costs through merchant sale of up to a maximum of 40% of the saleable energy.