

**No. 53/1/2008-WE
Government of India
Ministry of New and Renewable Energy**

**Block No.14, CGO Complex,
Lodhi Road, New Delhi-110003.**

Dated: 23.07. 2008

To

**The Pay & Accounts Officer
Ministry of New and Renewable Energy
Lodhi Road, Block No.14,
New Delhi-110003.**

**Subject: Demonstration Programme on Generation Based Incentives
for Grid Interactive Wind Power Projects.**

Sir,

I am directed to convey the sanction of the President for implementation of GBI Scheme on Generation based incentives (GBI) for Grid Interactive Wind Power Projects" during the remaining period of XI Plan i.e. from 2008-09 to 2011-12, as per provisions given in the following sections and the Annexure. The Indian Renewable Energy Development Agency (IREDA) will implement the programme including the associated activities.

2. Objectives:

The following are the main objectives of the scheme:

- (i) Generation of electricity from grid connected wind power projects through Generation Based Incentives.
- (ii) To encourage IPPs, registered companies, NGOs, Trusts, academic and research institutions, SNAs etc. who will not avail of accelerated depreciation under the IT Act for making investments in wind power projects.

- (iii) To encourage optimum utilization of wind resource.
- (iv) To augment flow of power to the grid that would add to grid stabilization.

3. Eligibility:

3.1 The GBI scheme would be applicable only for those power producers who do not avail of the accelerated/enhanced depreciation benefits under the Income Tax Act. The power producers who avail of the benefits of the scheme will be required to furnish documentary proof to this effect.

3.2 The scheme will be applicable only for those independent power producers having minimum installed capacity of 5 MW and whose capacities are commissioned for sale of power to the grid after the announcement of the scheme as specified in the guidelines contained in para 1.1 of **Annexure-I**. In other words, it will not have retrospective effect.

3.3 The scheme will not be applicable to those who have set up capacities for captive consumption, third party sale, merchant plants etc.

4. Implementation Arrangements:

4.1 The Wind power producers, who are eligible as per para-1 & 2 in the guidelines contained in **Annexure-I** will submit application in prescribed format i.e. **Annexure-III** in accordance with the procedure contained in para-3 of **Annexure-I**. They will also deposit Rs.10,000/- per MW capacity subject to a maximum of Rs.2.00 lakh per application that they intend to set up as registration fee by Demand draft to IREDA alongwith service tax at applicable rate.

4.2 IREDA will assist the Ministry in organizing business meets, awareness programmes and other related activities, as considered necessary for promotion of the scheme.

5. Generation based Incentives:

5.1 The Ministry will provide through IREDA, a generation-based incentive of Rs.0.50 per unit (kwh) for a period of ten years to the eligible project promoters. The IREDA would disburse the GBI to the generator through their designated bank account on a half yearly basis through e-payment.

5.2 This incentive is over and above the tariff that may be approved by the State Electricity Regulatory Commissions in various States. In other words, this incentive that is sanctioned by the Union Government to enhance the availability of power to the grid will not be taken into account while fixing tariff.

5.3 The generation based incentive approved for a grid interactive wind power generation project may be available for a maximum period of ten years from the date of approval of the project by IREDA and regular power generation from that project, provided the State Electricity Board/DISCOMS/Eligible power trading companies continues to purchase power from that grid interactive wind power project.

5.4 The incentive will be released by IREDA to the eligible wind power project developers on half yearly basis, on receipt of grid synchronization letter and certified information on the payment made by the State Electricity Board/DISCOMS/Eligible power trading companies against invoice raised by the developers for the net electricity fed to the grid from the wind power project during the period of claim. The concerned utility company will provide such information to the project developer periodically.

6. The IREDA shall provide GBI for wind power projects after its commissioning subject to meeting the guidelines and eligibility conditions. However, the response of the incentives to this paradigm and based on the response, the component of scheme will be reviewed when projects aggregating to 49 MW which are estimated to generate about 0.9 billions units of electricity are registered by IREDA. The total outlay of the programme will not exceed Rs.49.00 crore corresponding to 0.9 billion units of electricity generation from wind power projects through GBI.

7. Incentive to IREDA:

7.1 A maximum of 1% of the total funds disbursed in a year by IREDA to grid interactive wind power project developers as GBI, will be paid by the Ministry to IREDA towards administrative charges for implementation of GBI scheme as per guidelines given in **Annexure-II**.

8. Necessary funds for implementation of the scheme during 2008-09 will be drawn from the budget head - 2810 - Non-Conventional Sources of Energy (Major Head), 03-wind (sub major head), 03.103- demonstration (minor head), 01 – assistance to wind power generation programme (sub Head) .01.00.31- Grants-in-aid, 2008-09 (Plan).

8.1 This issues with exercise of delegated powers of the Ministry and with the concurrence of IFD vide No.IFD/SAN/109/246/2008-09 dated 15.07.2008.

8.2 This sanction has been entered at Sl. No.1 on page No.292 in the Register of Grants.

Yours faithfully,

(G. Upadhyay)
Principal Scientific Officer

Copy to:-

1. Principal Director of Audit (Scientific Department), AGCR Building, I.P. Estate, New Delhi-110002.
2. Chairman & Managing Director, Indian Renewable Energy Development Agency (IREDA), India Habitat Centre, Lodhi Road, New Delhi-110003.
3. Chief Secretaries of the State Governments/Union Territories.
4. Directors/Chief Executive Officer of all SNAs.
5. CMD/Heads of all Utilities.
6. PS to Minister (NRE).
7. Sr. PPS to Secretary, MNRE.
8. SS&FA/All Advisers/JS (GS)
9. Adv(KPS)/Director(JRM)/Dir(F),SO(Wind)/AO(F).
10. Sanction Folder.

(G. Upadhyay)
Principal Scientific Officer

**GUIDELINES FOR SCHEME ON GENERATION BASED INCENTIVES (GBI) FOR
GRID INTERACTIVE WIND POWER PROJECTS**

The following are the broad guidelines for submission of proposals by the interested project developers, details of incentives and other related guidelines.

1. Eligibility

- 1.1 IPPs, NGOs, Trusts, Financial institutions, academic and research institutions, SNAs, central and state power generation companies and public/private sector wind power project developers who have set up or propose to set up a wind farm in India will be eligible for consideration of generation based incentive, provided they sell the power to State Electricity Board/DISCOMS/Eligible power trading companies (only those power trading companies are eligible who's tariff for sale of power is not exceeding the tariff specified by the concerned SERC).
- 1.2 The GBI scheme would be applicable only for those power producers who do not avail of the accelerated/enhanced depreciation benefits under the Income Tax Act. The power producers who avail of the benefits of the scheme will be required to furnish documentary proof to this effect.
- 1.3 The scheme will be applicable only for those independent power producers having minimum installed capacity of 5 MW and whose capacities are commissioned for sale of power to the grid after the announcement of the scheme on first commissioned, first served basis subject to fulfillment of all eligibility criteria. Any subsequent addition in the capacity will be eligible if the addition has prior approval from IREDA for the purpose.
- 1.4 The GBI scheme will not be applicable to those who set up capacities for captive consumption, third party sale, merchant plants etc.

2. Eligible Projects

- 2.1 Grid interactive wind Power Generation projects of a minimum installed capacity of **five MW** will be eligible for generation based incentive.
- 2.2 Any project developer, who fulfills the procedural requirements and the guidelines specified by the Ministry, will be eligible for consideration of generation based incentive.
- 2.3 The GBI would be available only for projects commissioned i.e. synchronized to the grid and certified by the concerned Utility as specified at para 1.1 above, after issuance of Administrative approval/Notification of scheme of Ministry.

- 2.4 Only those wind turbines listed in the RLM list issued by C-WET, Chennai shall be eligible for GBI.
- 2.5 This incentive is over and above the rates approved by the State Regulatory Commissions or the rates at which the power purchase agreement are signed with utilities.
- 2.6 In case any project developer is desirous of availing the accelerated depreciation benefit for the project under section 32 of the Income Tax Act 1961 read with rule 5 and appendix-1, they would not be eligible for generation-based incentive.

3.0 Procedures to be followed by Project developers for availing Generation base Incentive

- 3.1 The grid interactive wind power projects will be considered for generation based incentive on registration by IREDA as per procedure indicated in **para-3.3** and in accordance with the guidelines of the Ministry and compliance of the procedural requirements for filing the applications/requests and requisite fees for incentive. Mere information to the Ministry and/or IREDA about the intention of the company/project developer to set up a grid interactive wind power plant will not be sufficient basis for this purpose.
- 3.2 Before submission of application, the interested wind power project developers are required to ensure compliance of all legal and procedural requirements, power purchase agreement (including initial PPA as per the procedure of concerned State) and obtain all necessary clearances from the concerned State Government/State Utility/State Nodal Agency/local bodies and other organizations, as specified by the concerned State Government and/or Central Government.
- 3.3 The applicants are required to submit complete application in prescribed format (**Annexure-III**) to the Ministry (one copy) with two copies to IREDA, from the date of issuance of Administrative approval/Notification of the scheme by the Ministry.
- 3.4 On receipt of application, which is complete in all respects, the eligibility for generation based incentive will be examined in accordance with the guidelines of the Ministry. On examination by the Committee, if a proposal is found to be eligible, the prospective developer will be informed. The investors will be asked to intimate the time frame for installation and commissioning of the plant.
- 3.5 All eligible projects will be inspected by a team consisting of officials from the Ministry, concerned State Nodal Agency, utility and IREDA after commissioning/synchronization to the grid before the GBI is disbursed. The GBI will be approved only after demonstration of satisfactory commissioning of the plant at the project site and its interfacing with the grid of the utility, evaluated by the committee.

- 3.6 Applications which are incomplete or do not provide firm and clear information, registration fees and necessary documents will not be considered for GBI.
- 3.7 GBI will be provided only for projects installed at wind potential site validated by C-WET.
- 3.8 Wind power project developers shall not avail accelerated depreciation benefit under Section 32 of the Income Tax Act 1961. The wind power project developers who submit their applications to the Ministry with a copy to IREDA are required to submit a declaration as per the prescribed format to this effect. At the end of each financial year, the developer shall file their acknowledged copy of I.T. Returns to establish that no accelerated depreciation has been availed. On approval of the project, IREDA will enter into an agreement with the project developer, among other matters, in this regard. If any violation of this condition is found, IREDA will immediately stop release of generation-based incentive to that project. The GBI already released would be liable for complete recovery with interest.
- 3.9 The project developers will maintain a record of power generation and other technical features of the power plant (wind turbines) for the entire period during which they will receive incentives. Along with documentation of its sale to the grid, a copy of the data should also be available in electronic form. This record will also be made available readily for verification / audit purposes, if required by the Ministry/IREDA.
- 3.10 The developer are required to submit the generation details as per payment receipt from the State Electricity Board/DISCOMS/Eligible power trading companies on half yearly basis together with a self declaration in the prescribed format about non-claiming of accelerated depreciation to IREDA and the submission of Income tax return at appropriate time.

The application format is available on the website of the Ministry (<http://mnre.gov.in>)

For any clarification please contact:

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FINANCIAL INCENTIVES TO IREDA AND RELEASE OF FUNDS

The Scheme will be implemented as per the guidelines and norms given in Annexure -I, additional guidelines for incentives to IREDA and release of funds are given below:

1.0 Incentive to IREDA and release of funds.

- 1.1 A maximum of 1% of the total funds released in a year by IREDA to grid interactive wind power project developers as GBI, will be paid by the Ministry to IREDA towards administrative charges for implementation of GBI scheme.
- 1.2 During the implementation of the GBI scheme, the Ministry will provide funds to IREDA for the organizing business meets, meeting of experts/committees, awareness programme etc. on the basis of specific requests.
- 1.3 The Ministry will provide upfront funds to IREDA for release of generation based incentive to the eligible wind power project developers as per guidelines and details provided in the Annexures.
- 1.4 50% of the estimated generation based incentive for the first year for a project approved by the committee will be released to IREDA as the first installment in advance.
- 1.5 The remaining 50% GBI and the administrative charges for IREDA will be released to IREDA after disbursement of funds for the first two quarters of the project approved by IREDA and receipt of half yearly progress report in the format given at **Annexure-IV**.
- 1.6 IREDA will seek funds every year for the release of GBI for a project in subsequent years, for the full year, on the basis of actual generation from the wind power plant in the first two quarters of the first year. For release of funds in advance, IREDA will be required to submit progress report and certificate to the effect that 50% of the funds for the project for the first two quarters of the power generation have been disbursed.
- 1.7 IREDA will release funds to wind power project developers through designated bank account by e-payment on half yearly basis on receipt of certified information on firm figures for net power fed to the grid from each approved wind power project, as agreed with the wind power project developers.

- 1.8 IREDA will claim administrative charges on half yearly basis and furnish separate details for that amount to the Ministry. Any interest earned on unspent balance will become a part of the funds available with IREDA.
- 1.9 IREDA will furnish consolidated annual report on generation of electricity from wind power projects.
- 1.10 IREDA will submit in duplicate audited statement of expenditure and utilization certificate for the funds released to IREDA by MNRE as per **Annexure-V & VI**.
- 1.11 During the last year of the release of generation based incentive for a project, IREDA will submit a detailed project completion report, Utilization certificate and consolidated audited statement of expenditure for settlement of accounts (**Annexure-VII**).

ANNEXURE-III

APPLICATION FORM FOR GBI SCHEME

1.	Name, Address, Phone, Fax & email of the developer/company's PAN number and RTGS details.	
2.	Name and designation of authorized signatory	
3.	Project, location (including state, district taluka etc.) Whether under the list of declared potential site by C-WET/validated by C-WET. Wind power density at site	
4.	Details of installed WTG such as capacity in MW, Supplier, make/model and serial number, hub height, etc. (Indicate the Unit size of WTGs/whether listed in RLM list issued by C-WET)	
5.	Name of State Utility/SEB/DISCOMS/ eligible power trading company alongwith details of circle/region and in-charge of utility	
6.	Details of Bank account (where revenue from sale of electricity credited from utility and Banks MICR code).	
7.	Details of Billing substation	
8.	Date of signing PPA and duration	
9.	Proof of land availability (whether govt/private)	
10.	Total Project cost as approved by F.I, alongwith breakup	
11.	Estimated Generation per Year (MU) and an average cost of generation	
12.	Means of Finance (i) Debt equity ratio (ii) Promoters contribution (iii) Term loan with rate of interest (iv) Any other source	
13.	Date of Commissioning and date of grid synchronization.	
14.	Fees (details of Demand draft such as amount, number and date) including service tax at applicable rate.	

Enclosures:

- (i) Proof of land availability.
- (ii) Copy of the power purchase agreement with State Electricity Board/DISCOMS/Eligible power trading companies.
- (iii) An undertaking on non-judicial stamp paper regarding not claiming benefits of accelerated depreciation.
- (iv) Demand Draft for Registration fees with service tax in favour of IREDA, New Delhi.
- (v) Grid synchronization certificate for minimum 5 MW.

ANNEXURE-IV

FORMAT FOR THE HALF YEARLY PROGRESS REPORT BY IREDA

1.	Name of the project, location (including state, district taluka etc.)	
2.	Approved Wind Capacity in MW For which incentive disbursed (unit size of WEGs with model)	
3.	Name of State utility	
4.	Date of project commissioning	
5.	Duration for which power is fed to the grid (Quarter No/Year) to	
6.	Power purchase rate given by the State Utility	
7.	Total number of units actually fed to the grid during two quarters (in MU)	
8.	Incentive released by IREDA to designated Bank, etc. on the project for two quarters.	
9.	Administrative charges eligible & claimed by IREDA	
10.	Other promotional activities performed, if any	
11.	Audited SOE and UC have been submitted (copy enclosed) to the Ministry.	

Funds required from the Ministry (Please enclose details on separate sheet) Certified that:

- (i) The above mentioned grid interactive wind power project has been functioning successfully and the distribution of funds for generation based incentive is in accordance with the guidelines of the MNRE GBI programme for period to during FY
- (ii) Complete generation details of wind power projects and other details for the project are available with IREDA

Date
Place

Signature
(Name & Designation of the Authorized
Officer)
Date & Office Seal

(To be submitted on the Letter Head)

FORMAT FOR SUBMITTING AUDITED STATEMENT OF ACCOUNTS

Name of the States/State utility	
Name of the Project Developer s(sheet enclosed)	
Total installed capacity (MW) and corresponding units (kwh) fed to grid	
Funds released by MNRE (sanction order & date wise details)	

S. No.	Annual Generation of Electricity (MU)	Eligible generation based incentive rate	Annual generation based incentive disbursed to project developer through designated bank
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
Total			

Expenditure incurred on release of generation based incentive, as above (a)	
Administrative charges for IREDA @ 1% (b)	
Total eligible generation based incentive from MNRE (a +b)	
Funds released by MNRE and available with IREDA (c)	
Interest Accrued on funds released by MNRE (d)	
Balance to be released by MNRE (a+b-c-d)	

The above information is based on audited annual accounts and verifications carried out by IREDA and the auditors.

Place :	Signature	Signature
Date	(Name & Designation) and Seal of Auditor	(Name & Designation) and Seal of IREDA

ANNEXURE - VI

FORMAT FOR SUBMITTING UTILISATION CERTIFICATE

(To be submitted in duplicate on the letterhead)

S. No.	Letter No. & Date	Amount
		(Sanctioned)
		(Released)
TOTAL		-----

Certified that out of Rs..... of grants-in-aid released during the year ---- in favour of -----under this Ministry Letter No. given in the margin and Rs.----- on account of unspent balance of the previous year, a sum of Rs.----- has been utilised for the purpose of ----- for which it was sanctioned and that the balance of Rs.----- remaining unutilised at the end of the year has been surrendered to Government (vide No. ----- dated) / will be adjusted during ----- towards the grants-in-aid payable during the next year -----.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled / are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised

- 1.
- 2.
- 3.

- 4.
- 5.

Signature -----
Designation -----
Date -----
Official seal

Annexure-VII

Consolidated Statement of Expenditure

(To be sent in duplicate to the Ministry of New and Renewable Energy
for the financial year (from _____ to _____)

1. Title of the GBI/ programme :
2. Name of the organization:
3. Ministry of New and Renewable Energy letter
No. and date of sanctioning the project:
4. Amount brought forward from the previous financial year:
quoting Ministry of New and Renewable Energy
letter No. and date on which the authority to carry forward
the said amount was given :
5. Amount released by Ministry of New and Renewable Energy
during the financial year :
(please give letter No. & date of sanctions showing the amount paid)
6. Interest accrued on funds available
7. Total amount (Sr. No. 4+5+6):
8. Actual expenditure incurred during the financial year:
9. Balance amount available at the end of the financial year:
10. Unspent balance refunded, if any.
(Please give details of cheque no. etc.)
11. Amount allowed to be carried forward to the next
financial year vide letter no. and date:

**Certified that the expenditure of Rs. _____ (Rupees _____ mentioned
against Column 7 was actually incurred on the Project / GBI programme for the purpose
for which it was sanctioned and balance amount of Rs. _____ is available on
_____ or refunded on**

(Signature & Seal of
Auditor)
Head Finance, IREDA)

(Signature of Head
of the organization)

(Signature & Seal of

ACCEPTED AND COUNTERSIGNED

Adviser (Wind)

COMPETENT AUTHORITY

MINISTRY OF NEW AND RENEWABLE ENERGY

