

**GOVERNMENT OF INDIA**

**MINISTRY OF POWER**

**RAJYA SABHA**

**QUESTION NO 30.11.2009**

**ANSWERED ON**

**AMENDMENT IN MEGA POWER POLICY .**

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Dr. Najma A. Heptulla

Will the Minister of COAL/COAL/POWER be pleased to state :-

(a) whether Government has recently decided to amend the mega power policy;

(b) if so, the details thereof;

(c) whether the States which are facing severe power crunch, would be benefited by the change in the policy; and

(d) if so, to what extent?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF POWER

( SHRI BHARATSINH SOLANKI )

(a) & (b): Government has approved the following changes in the existing Mega Power Policy :-

(i) The existing condition of privatization of distribution by power purchasing states would be replaced by the condition that power purchasing states shall undertake to carry out distribution reforms as laid down by Ministry of Power (MoP).

(ii) The conditions requiring inter-state sale of power for getting mega power status would be removed.

(iii) The present dispensation of 15% price preference available to the domestic bidders in case of cost plus projects of Public Sector Undertakings (PSUs) would continue. However, the price preference will not apply to tariff based competitively bid projects of PSUs.

(iv) The requirement of undertaking ICB by the developers for procurement of equipment for mega power projects would not be mandatory, if the requisite quantum of power has been tied up through tariff based competitive bidding or the project has been awarded through tariff based competitive bidding.

(v) A basic custom duty of 2.5% only would be applicable on brownfield expansion of existing mega projects. All other benefits under mega power policy available to greenfield projects would also be available to expansion unit(s) (brownfield projects) even if the total capacity of expansion unit(s) is less than the threshold qualifying capacity, provided the size of the unit(s) is not less than that provided in the earlier phase of the project granted mega power project certificate. All other conditions for grant of the mega power status shall remain the same.

(vi) Mega Power Projects would be required to tie up power supply to the distribution companies/utilities through long term Power Purchase Agreements (PPA(s)) and may also sell power outside long term PPA(s) in accordance with the National Electricity Policy 2005 and Tariff Policy 2006, as amended from time to time, of Government of India.

(c) & (d) : Mega power policy aims at deriving economies of scale by setting up large size power plants at pithead and transmitting power to distant regions, which were deficit in power. Mega Power Policy, in its present form, has played a vital role in the development of power sector. However, in the wake of several important statutory and policy level changes in the power sector, this Ministry revisited some of the provisions of the present Mega Power Policy and brought them in line with the changed scenario. The modified policy will simplify the procedure for grant of mega certificate and facilitate quicker capacity addition and its benefits are likely to be availed by all States.